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# Local Government Finance in Ontario

## 1975 and 1976



Ministry of Treasury, Economics and  
Intergovernmental Affairs

The Honourable W. Darcy McKeough  
Treasurer of Ontario



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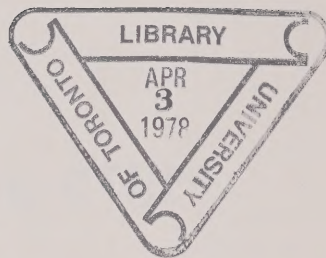
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1975 and 1976



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Intergovernmental Affairs  
The Honourable W. Darcy McKeough  
Treasurer of Ontario



Copies may be obtained from  
Municipal Finance Branch,  
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## Preface

This publication replaces the "Blue Book" of municipal financial statistics which has been produced each year since 1906. As local government expenditures rise, and the interdependence of the Provincial and local levels of government in financial matters grows, it is increasingly important that timely and accurate information on local government finances be available. By providing an analysis of local government finance, rather than raw statistical data, I believe this study represents a significant improvement in the reporting of local government financial affairs to the Legislature, to elected and appointed local officials, and to the general public.

The study includes appendices which outline the role of local government in Ontario, and how it is financed. In addition, there are summary tables of data from municipalities' 1975 and 1976 financial reports, as required under section 223 of The Municipal Act. Financial data on individual municipalities, similar to that in previous "Blue Books", is available from the Ministry on request.

Since this publication is the first of an annual series of documents I would welcome any comments on its usefulness and how it could be improved in future years.

A handwritten signature in dark ink, appearing to read "W. S. Sandhu", with a horizontal line underneath it.

Treasurer of Ontario

15th November, 1977.





## Introduction

This publication is part of the Ministry's ongoing effort to upgrade the reporting of the financial affairs of local governments. It is planned to produce studies of trends in local finances on an annual basis. With the introduction this year of the Ministry's simplified financial information return, it is anticipated that subsequent analyses will be available within six months of the year-end to which they refer. In addition, the new return should allow more meaningful analysis in a number of areas, such as municipal debt levels and repayment patterns.

The Ministry is also extending its monitoring of the in-year financial performance of municipalities. As budgetary and other in-year financial data become available, it is planned to publish analyses of financial trends as they develop.

Data from the Ministry's databank of 1975 and 1976 municipal financial results is available on request from the Municipal Finance Branch (telephone (416) 965-2418). In general, data will be provided free of charge, but the Ministry reserves the right to recover the costs of meeting requests for large amounts of data.

This study has been prepared in the Municipal Finance Branch under the direction of Larry Close. The research team was headed by John Tylee, assisted by Ley-cheng Chen, Rita Tench and Ernie Marchesan.

A. Rendall Dick,  
Deputy Treasurer

D. M. Allan,  
Executive Director,  
Fiscal Policy Division

14th November, 1977.



## **I. OVERVIEW OF LOCAL GOVERNMENT FINANCE, 1975-1977**





# 1975 Financial Performance

## Expenditures

Local government spending increased dramatically in 1975, from \$5.2 billion to nearly \$6.4 billion. This represented a growth rate of 21 percent, more than double the average rate of growth over the preceding four years. The expenditure increase was almost twice the rate of inflation and more than double the rate of growth of the provincial economy. As a result, local governments' share of gross provincial product expanded in 1975, in contrast with the decline over the previous four years.

Local government spending per household grew almost three times as fast in 1975 as the average rate of growth of the previous four years. After discounting for cost increases due to inflation, there was a 6 percent increase in per household expenditures in 1975. During the period 1970-74, per household spending was virtually unchanged after taking into account cost increases due to inflation.

Over the period 1970-75, spending by municipalities and local boards increased at a faster rate than spending by school boards. This reflects a 20 percent increase in households—the major recipients of municipal services—compared to a 2 percent decline in the number of pupils in schools.

Municipal spending for current purposes grew 21 percent in 1975, 8 percentage points more than the average during the period 1970 to 1974. Discounted for inflation and growth in households, municipal revenue fund spending increased 5-6 percent in 1975 compared to an average 2 percent in 1970-74. The fastest growing major areas of municipal

Local Government Spending

Table 1-1

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Revenue Fund	2,084	2,526	21	13
Capital Fund	776	1,018	31	19
Subtotal	2,860	3,544	24	15
<i>School Boards</i>				
Revenue Fund	2,198	2,601	18	8
Capital Fund	182	209	15	-11
Subtotal	2,380	2,810	18	6
<i>Total Local Sector</i>				
Revenue Fund	4,282	5,127	20	10
Capital Fund	958	1,227	28	9
Total	5,240	6,354	21	10
Total spending per household (\$)	1,884	2,206	17	6
Rate of Inflation (%)			11	7
Growth of GPP (%)			10	14

Municipal data includes local boards but not enterprises.

Revenue Fund data excludes transfers to capital funds.

Inflation measure is the GNP implicit price deflator—Statistics Canada.

spending in 1975 were: transit contributions, up 39 percent; recreation, up 31 percent; health and social services, up 25 percent; protection, up 23 percent; and roads up 14 percent.

Among the various types of municipality, municipal revenue fund spending per household was highest in Metro Toronto (\$1,083) and lowest in rural municipalities in southern Ontario (\$652). The increase in current spending per household in 1975 was highest in cities outside regional governments (20 percent), and in the rural parts of northern Ontario (20 percent). The lowest increase in current spending per household, 12 percent, was in the rural parts of southern Ontario. In terms of economic regions, revenue fund spending per household was highest in northern Ontario—\$1,028 in northwest Ontario and \$962 in northeast Ontario; the highest rates of increase in spending per household were also in the north.

Municipal spending for capital purposes increased 31 percent in 1975, a full 20 percentage points more than the rise in costs due to inflation. This very high rate of growth is attributable in part to rapid urbanization and high levels of housing construction over the period 1970-75. It also reflects increased capital spending over the winter of 1974-75 due to the Federal-Provincial winter capital works program. The major increases in capital spending in 1975 were in environment (44 percent) and transportation (36 percent); there were also high percentage increases in planning and general government.

The highest level of capital spending per household (\$400) was in regional governments while the lowest (\$258) was in the rural parts of southern Ontario. The largest rates of increase in capital spending per household were in rural northern Ontario (44 percent) and in Metro Toronto (36 percent). On a regional basis, northwest Ontario had both the highest level of capital spending and the fastest rate of growth.

The bulk of school board expenditures is for current purposes. Overall revenue fund spending by school boards grew 18 percent in 1975, comprising a 20 percent increase in elementary school spending and a 16 percent increase in secondary school spending. The major reason for high spending increases in 1975 was large wage settlements awarded to teachers. The total bill for salaries and wages grew 22 percent for elementary schools and 17 percent for secondary schools.

School board capital expenditures increased 15 percent in 1975. This represented a temporary reversal of the long term trend in construction of new schools which is downward in line with declining enrollments.

## Revenues

Local government revenues rose 23 percent in 1975, from \$4.8 billion to nearly \$5.9 billion. The growth rate was 13 percentage points higher than the average increase in revenues in the preceding four years, and 2 percentage points higher than the growth in local government expenditures in 1975.

The sharp increase in revenues in 1975 was largely because of a 26 percent increase in Provincial grants to local government, up 11 percentage points from the average increase over the 1970-74 period. In addition, tax revenues rose 19 percent compared to an average 6 percent in the preceding four years. This was due to mill rate increases for both municipal and school purposes, since growth in the property tax base remained unchanged at about 4 percent per annum over the 1970-75 period. All sources of municipal revenue grew consistently faster than school board revenues between 1970 and 1975.

Municipal revenues for capital purposes have been increasing more rapidly than for current or revenue fund purposes. Current revenues grew 23 percent in 1975 while capital

## Local Government Revenues

Table 1-2

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Taxation	1,105	1,311	19	9
Ontario Grants	944	1,233	31	19
Other Revenue	455	570	25	15
Subtotal	2,504	3,114	24	14
<i>School Boards</i>				
Taxation	877	1,040	19	2
Ontario Grants	1,333	1,633	23	12
Other Revenue	71	76	7	-9
Subtotal	2,281	2,749	21	7
<i>Total Local Sector</i>				
Taxation	1,982	2,351	19	6
Ontario Grants	2,277	2,866	26	15
Other Revenue	526	646	23	10
Total*	4,785	5,863	23	10

\*Does not equal total expenditure because of long term borrowing and changes in year end balances.

revenues grew 34 percent. Municipal property taxes increased 19 percent due to a 13 percent increase in mill rates and increases in sewer surcharges on water bills. The average annual increase in municipal mill rates between 1970 and 1974 was 4 percent. Ontario grants for current municipal purposes increased 25 percent in 1975, or 5 percentage points more than the average increase during 1970 to 1974. The percentage increase in unconditional grants was the same as for conditional grants. Payments in lieu of taxes grew 25 percent, up from their average increase of 10 percent in preceding years, due to the rise in mill rates. Other municipal current revenues, such as service charges, income from investments and licence fees, grew 32 percent, double the average increase from 1970 to 1974.

Taxes and grants accounted for about 85 percent of all municipal current revenues in 1975. In urban areas, taxes accounted for about 50 percent of revenues while grants provided the remaining 35 percent; in rural areas, grants provided around 50 percent of revenues while taxes accounted for the remaining 35 percent. Provincial grants provided up to 50 percent of current municipal revenues in northern Ontario, but less than 40 percent of revenues in southern Ontario.

On the capital side, the major reason for the 34 percent increase in municipal revenues in 1975 was a 56 percent increase in Provincial grants for capital purposes. Contributions to capital spending from reserves and reserve funds actually fell 4 percent while other capital sources, although relatively insignificant in amount, increased 40 percent.

Virtually all school board revenues are for current purposes, since school capital spending is almost entirely financed from borrowing and transfers from current funds. The main component of the 21 percent increase in school board revenues in 1975 was a 23 percent increase in Provincial grants, 11 percentage points more than the average annual increase from 1970 to 1974. In addition, property taxes for school purposes increased 19 percent, in comparison to their average annual increase of 2 percent between 1970 and 1974. School mill rates increased 14 percent in 1975, in contrast to an average decrease of 2 percent in the preceding four year period. School board revenues other than taxes and grants continued to increase at the same rate as in the preceding four years.

## Mill Rates and Tax Levels

Total mill rates for both residential and commercial properties increased 14 percent in 1975. Over the preceding four years, total residential mill rates grew an average 1 percent per annum, while commercial mill rates grew slightly faster. Among the various types of municipality, mill rates grew slightly faster than average in rural southern Ontario in 1975; regional governments had a slightly higher increase in the period 1970-74. Among the economic regions, the northwest had significantly higher total mill rate increases than elsewhere in 1975 while the eastern region had slightly higher than average increases. Over the preceding four years, there was little difference in mill rate changes among the economic regions.

Residential property taxes per household averaged \$439 in 1975, an increase of \$56 over 1974. By contrast, the total increase in average taxes over the preceding four years was \$22. Gross property taxes declined from 3.2 percent of average household income in 1970 to 2.4 percent in 1975. During this period the total increase in average property taxes per household was 22 percent, while the increase in the Consumer Price Index was 42 percent. When measured net of Provincial and municipal tax offset programs, average property taxes accounted for 1.8 percent of average household incomes in 1975. This was slightly more than the 1974 figure of 1.7 percent, but still significantly less than the 1970 figure of 2.7 percent.

Average Residential Property Taxes  
Per Household: 1970-1975

Table 1-3

	1970	1974	1975
	\$	\$	\$
Municipal taxes and charges	181	212	244
School taxes	180	171	195
Gross property tax	361	383	439
Tax offsets*	65	114	115
Net property tax	296	269	324
Share of household income (%)			
Gross taxes	3.2	2.4	2.4
Net taxes	2.7	1.7	1.8

\*Includes Provincial tax credits and municipal programs.

Average residential tax levels in 1975 differed a great deal across the province. Metro Toronto's average taxes were \$115 higher than the provincial average, while taxes in regional governments were \$49 higher than the average. Taxes in rural Ontario were about half those of urban areas. Average taxes were about \$500 in central Ontario, \$400 in the other two southern regions and \$300 in the north. Gross property taxes as a proportion of average household income, were highest in Metro Toronto and regional governments. Tax burdens relative to incomes were lowest in the rural parts of the province, particularly in northern Ontario.

## Borrowing and Debt

About a third of local governments' 1975 capital expenditures was financed from long term borrowing. The total amount borrowed was \$423 million, 35 percent more than in 1974. Municipal borrowing accounted for \$334 million and school boards for the remaining \$89 million.



Total local government debt outstanding at the end of 1975 amounted to \$4.3 billion. After taking account of debt retirement funds, net debt outstanding came to \$3.6 billion. The rate of growth of net debt in 1975 was 4 percent, the same as the average growth rate from 1970 to 1974. Approximately 60 percent of local government net debt, or \$2.1 billion, was for municipal purposes, with the remaining \$1.5 billion for school purposes. Of the municipal debt, \$1.6 billion was supported by general revenues, and \$0.5 billion was supported by municipal enterprise charges. Net local government debt outstanding per household did not change materially between 1970 and 1975; increases in municipal debt per household over the period were offset by decreases in school debt. Net debt charges per household rose an average 2 percent per annum over the period, reflecting higher interest costs on the same debt level. As a percentage of local government revenue fund spending, debt charges declined from 12 percent in 1970 to 8 percent in 1975. However, the level of debt charges supported by taxes on an average residence increased marginally from \$60 to \$62.

Levels of municipal net debt at the end of 1975 were three times as high in urban municipalities as in the rural areas. Metro Toronto municipal debt per household was about 34 percent above the provincial average.

## Year End Position

At the end of 1975, local governments had a current accumulated surplus of \$172 million, comprised of \$110 million for municipal purposes and \$62 million for school purposes. This represented an increase of \$50 million over the beginning of the year. Capital expenditures unfinanced at the year end came to \$346 million, an increase of \$118 million over the beginning of the year. Almost all of this amount was accounted for by municipalities.

Local government reserves and reserve funds totalled \$0.5 billion at the end of 1975, an increase of 23 percent. More than 80 percent of these funds was held by municipalities.

Taxes outstanding amounted to \$186 million, an increase of 19 percent over the comparable 1974 figure. This represented 7.9 percent of the current tax bill, the same as the previous year. About three-quarters of 1975 tax arrears were for current year's taxes. Total tax collections amounted to 98.2 percent of billings, slightly lower than the level in 1974, but higher than the 1970 figure.

Borrowing, Net Debt, Reserves and Reserve Funds Table 1-4

	1970	1974	1975
	\$ Million	\$ Million	\$ Million
<i>New long term borrowing</i>			
Municipalities	188	220	334
School Boards	152	94	89
Total	340	314	423
<i>Net debt outstanding at year end</i>			
Municipal purposes	1,641	1,948	2,104
School purposes	1,404	1,518	1,501
Total	3,045	3,466	3,605
<i>Reserves and reserve funds at year end</i>			
Municipalities	204	323	412
School Boards	31	84	90
Total	235	407	502

# 1976 Financial Performance

## Expenditures

Local government spending rose \$700 million to nearly \$7.1 billion in 1976. This represented a growth rate of 11 percent, about half the previous year's rate. The expenditure increase was greater than the rate of inflation, but significantly less than the overall rate of growth of the economy. As a result, local government's share of gross provincial product declined from the level reached in 1975.

There were two main reasons for slower expenditure growth in 1976. First, the Federal-Provincial anti-inflation program limited the escalation of salary costs. Second, the Ontario government began a restraint program which impacted on local governments in two ways. By limiting the growth of its grants to municipalities and school boards, the Province held down the amount local governments could spend without substantially raising mill rates. A monitoring process by the Ministry of Education and the Ontario Municipal Board confined new capital spending by local governments to essential projects.

On a per household basis, local government spending increased at 8 percent in 1976, just under half the 17 percent increase of 1975. Since the rate of inflation was also 8 percent, per household expenditures after discounting for inflation were at about the same level in the two years.

School board spending increased at almost twice the rate of growth of municipal spending during 1976. Total school spending rose 15 percent, due to a 19 percent increase in current spending combined with a 31 percent decline in capital outlays. The increase in current spending was 1 percentage point more than the previous year, and was due almost entirely to substantial salary increases negotiated by teachers. Most salary awards for teachers which impacted on 1976 expenditures were significantly above the basic AIB guidelines, either because they were negotiated before the anti-inflation program

Local Government Spending

Table 2-1

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Revenue Fund	2,526	2,801	11	21
Capital Fund	1,018	1,034	2	31
Subtotal	3,544	3,835	8	24
<i>School Boards</i>				
Revenue Fund	2,601	3,088	19	18
Capital Fund	209	145	-31	15
Subtotal	2,810	3,233	15	18
<i>Total Local Sector</i>				
Revenue Fund	5,127	5,889	15	20
Capital Fund	1,227	1,179	-4	28
Total	6,354	7,068	11	21
Total spending per household (\$)	2,206	2,385	8	17
Rate of Inflation (%)			8	11
Growth of GPP (%)			15	10

See notes to Table 1-1.

came into effect or because the AIB granted increases in excess of the basic guideline on grounds of comparability with other teachers.

The decline in school board capital spending reflects the overall trend in school construction, which is downward in line with falling enrollments. An additional factor in 1976 was a strict prioritizing of capital projects by the Ministry of Education.

Current spending by municipalities increased 11 percent in 1976, just over half the rate of increase of the previous year. Spending increases were concentrated in the following areas: recreation, up 17 percent; police, up 15 percent; environmental services, up 15 percent; general government, up 14 percent; and planning, up 14 percent. Low spending growth was recorded in health and social services (7 percent) and roads expenditures (8 percent), while conservation authority spending and contributions to transit authorities decreased.

Municipal current spending per household in urban areas was around 50 percent higher than in rural areas in 1976, about the same difference as the previous year. Metro Toronto continued to have spending levels significantly higher than other urban areas, due mainly to higher payroll costs. Per household spending in rural northern Ontario increased faster than the provincial average, spending in rural southern Ontario increased slower than average. This resulted in spending levels in rural northern Ontario being about \$200 per household higher than in rural southern Ontario. Per household spending grew faster in the northwest region than elsewhere, so that spending levels in this region climbed to 15 percent above the provincial average.

Municipal capital spending increased only marginally in 1976, in direct contrast to the 31 percent increase the previous year. Because of the limited increase in Provincial grants and the careful scrutiny of new projects by the OMB, most municipal capital outlays in 1976 were on projects started before the beginning of the year. Capital spending in the three major expenditure areas—transportation, environment and recreation—all declined. There were small increases in outlays for police, homes for the aged and planning and development. Capital spending per household increased significantly in Metro Toronto and rural northern Ontario, but declined in regional government areas. On a regional basis, there was a major increase in capital spending in northwest Ontario, and a significant decrease in eastern Ontario.

## Revenues

Local government revenues increased \$0.7 billion to over \$6.6 billion in 1976. This represented a growth rate of 12 percent, just over half the rate of increase of the previous year, and 1 percentage point more than the growth in expenditures in 1976. The slowdown in revenue growth was due primarily to a 5 percent growth in Provincial grants, compared to a 26 percent increase the previous year. Revenues from property taxation grew 18 percent, 1 percentage point less than in 1975, due to slightly lower rates of increase in the tax base and in municipal special charges. Total mill rates grew at about the same rate in 1976 as the previous year. Other revenues, such as payments in lieu of taxes, service charges and investment income, grew less fast than in 1975, but nevertheless represented the fastest growing source of local government revenue.

Because school board expenditures grew faster than those of municipalities, so did their revenues. Ontario grants to school boards rose 6 percent, marginally faster than grants to municipalities. Property taxes for school purposes grew 25 percent, 6 percentage points more than the previous year, and over twice the rate of growth of municipal taxes in 1976. This increase was due to a 21 percent growth in mill rates for school purposes combined with a 4 percent increase in the property tax base. School board revenues apart

## Local Government Revenues

Table 2-2

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Taxation	1,311	1,469	12	19
Ontario Grants	1,233	1,288	5	31
Other Revenues	570	697	22	25
Subtotal	3,114	3,454	11	24
<i>School Boards</i>				
Taxation	1,040	1,296	25	19
Ontario Grants	1,633	1,724	6	23
Other Revenues	76	83	9	7
Subtotal	2,749	3,103	13	21
<i>Total Local Sector</i>				
Taxation	2,351	2,765	18	19
Ontario Grants	2,866	3,012	5	26
Other Revenues	646	780	21	23
Total*	5,863	6,557	12	23

\*Does not equal total expenditure because of long term borrowing and changes in year end balances.

from taxes and grants grew slightly faster than in 1975. The share of school board revenue contributed by Ontario dropped from 59 percent to 56 percent, while the share of revenue from taxes increased from 38 percent to 42 percent.

Municipal revenues increased 11 percent in 1976, 3 percentage points more than the increase in expenditures. Revenue fund revenues grew at about the same rate as expenditures, but capital fund revenues grew 9 percent, compared to a 2 percent increase in expenditure. Ontario grants for current purposes, both conditional and unconditional, increased 4 percent, while those for capital purposes increased 6 percent. Municipal mill rates increased 8 percent on average, 5 percentage points less than the previous year. The increase in municipal taxes was 12 percent, down from 19 percent in 1975. The growth in municipal other revenues was almost as strong as the previous year. The main increases were: fees and service charges, up 19 percent; payments in lieu of taxes, up 17 percent; income from investments, up 64 percent; and transfers from reserves and reserve funds, up 24 percent. The contribution of Provincial grants to total revenue fund revenues fell from 36 percent to 34 percent; the contribution from property taxes increased from 49 percent to 50 percent.

## Mill Rates and Tax Levels

Total mill rates increased about 14 percent on average in 1976, the same rate as the previous year. However, the municipal and school components of mill rate increases varied considerably between the two years. Municipal mill rates on average rose 5 percentage points less in 1976 than in 1975, while school mill rates rose an average 7 percentage points more.

Metro Toronto had the highest municipal mill rate increase, about 11 percent. Other urban areas had increases averaging 6 percent, while rural area increases averaged 5 percent. School mill rates increased only 12 percent in Metro Toronto, due to savings from the secondary school teachers' strike in 1975/76. Elsewhere in the province, the increase in school mill rates averaged about 25 percent.



Residential property taxes averaged \$499 per household in 1976. This represented an increase of \$60, or 14 percent, about the same as the previous year. The rate of increase was almost twice the increase in the consumer price index for the year. Of the \$60 increase, \$41 was school taxes and the remaining \$19 for municipal purposes. Gross property taxes amounted to about 2.5 percent of household incomes in 1976, up marginally from 1975 but still below the 1970 level of 3.2 percent. Taxes net of property tax offsets averaged 1.9 percent of household incomes, again a slight increase over 1975.

Average Residential Property Taxes  
Per Household: 1970-1976

Table 2-3

	1970	1975	1976
	\$	\$	\$
Municipal taxes and charges	181	244	263
School taxes	180	195	236
Gross property tax	361	439	499
Tax offsets*	65	115	115
Net property tax	296	324	384
Share of household income ("o)			
Gross taxes	3.2	2.4	2.5
Net taxes	2.7	1.8	1.9

\*Includes Provincial tax credits and municipal programs.

Average residential taxes before offsets were highest in Metro Toronto in 1976. The Metro level of \$618 per household was 24 percent above the provincial average and more than double the average in rural parts of the province. Average taxes in regional governments were \$60 less than in Metro, but almost \$100 more than in cities outside regions. Property taxes in northern Ontario were about one-third less than the provincial average.

## Borrowing and Debt

Local government long term borrowing increased over \$200 million in 1976 to a total of \$637 million. This represented an increase of 51 percent, compared to a 35 percent increase the previous year. The bulk of the 1976 borrowing, \$547 million, was for municipal purposes. Municipal borrowing increased 64 percent as a result of the continued high level of capital spending, combined with catch up borrowing for projects completed but not permanently financed at the end of 1975. School board borrowings in 1976 were at about the same level as the previous year. Local government borrowings amounted to 54 percent of capital outlays in 1976, compared to 35 percent in 1975.

Because of the large increase in borrowing total local government debt outstanding increased 8 percent, to a level of \$4.6 billion. After taking account of retirement funds, net debt outstanding amounted to over \$3.9 billion, an increase of 9 percent, or more than double the average rate of increase over the previous five years. Net debt for school purposes declined slightly, while that for municipal purposes increased \$350 million, or 17 percent. Net municipal debt recoverable from general revenue increased about \$290 million, due mainly to major increases in debt for roads, sewerage works and recreation. Municipal debt recoverable from user charges rose \$60 million, mainly because of increases in waterworks debt. Net local government debt per household rose 6 percent in 1976, compared to 1 percent in 1975. Municipal debt per household grew faster in urban municipalities than in rural areas.

Total local government debt charges rose 4 percent on a per household basis, but their share of current expenditures remained unchanged. Debt charges supported by an average residence increased 8 percent, or \$5, to a level of \$67.

## Year End Position

At the end of 1976, local governments had a current accumulated surplus of \$138 million, down from \$172 million at the beginning of the year. The main reason for the decline was the virtual elimination of the accumulated surplus of school boards, which fell from \$62 million at the beginning of the year to \$7 million at the year end. Conversely, municipal accumulated surpluses continued to rise. Both municipalities and school boards reduced their levels of unfinanced capital outlays. The total amount unfinanced at the year end was \$185 million, just over half the amount unfinanced at the beginning of the year. Almost all this amount was in respect of municipal capital expenditures.

Local government reserves and reserve funds continued to increase during 1976, and reached a total of nearly \$0.6 billion, up 19 percent from the previous year. Amounts held by school boards declined slightly, but this was offset by a 23 percent increase in holdings by municipalities.

Taxes outstanding at the end of 1976 amounted to \$200 million, an increase of 8 percent over the previous year. This represented \$67 per household or 7.2 percent of levies, compared to \$65 per household or 7.9 percent of levies in 1975. Total tax collections in 1976 amounted to 99.1 percent, up from 98.2 percent the previous year.

### Borrowing, Net Debt, Reserves and Reserve Funds

Table 2-4

	1970	1975	1976
	\$ Million	\$ Million	\$ Million
<i>New Long Term Borrowing</i>			
Municipalities	188	334	547
School Boards	152	89	90
Total	340	423	637
<i>Net Debt Outstanding at Year End</i>			
Municipal Purposes	1,641	2,104	2,453
School Purposes	1,404	1,501	1,484
Total	3,045	3,605	3,937
<i>Reserves and Reserve Funds at Year End</i>			
Municipalities	204	412	508
School Boards	31	90	87
Total	235	502	595

# 1977 Financial Performance (Estimated)

## Expenditure

Local government spending is expected to reach a level of almost \$7.8 billion in 1977. This represents an increase of about 10 percent, down slightly from the 11 percent growth experienced in 1976. It indicates a slight increase in spending per household after discounting for the anticipated rate of inflation. Local governments' share of gross provincial product is expected to continue to decline in 1977.

Municipal current purposes spending is expected to increase about 13 percent, 2 percentage points more than in 1976. Planning and development expenditures, and municipal contributions to transit authorities, should expand substantially faster than the 13 percent average for all functions, while spending on recreation, and on health and social services, is expected to increase significantly less than 13 percent.

Local Government Spending

Table 3-1

	1976	1977 Estimate	1977/76	1976/75
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Revenue Fund	2,801	3,170	13	11
Capital Fund	1,034	1,115	8	2
Subtotal	3,835	4,285	12	8
<i>School Boards</i>				
Revenue Fund	3,088	3,395	10	19
Capital Fund	145	125	-14	-31
Subtotal	3,233	3,520	9	15
<i>Total Local Sector</i>				
Revenue Fund	5,889	6,565	11	15
Capital Fund	1,179	1,240	5	-4
Total	7,068	7,805	10	11
Total spending per household (\$)	2,385	2,571	8	8
Rate of Inflation (%)			7	8
Growth of GPP (%)			12	15

See notes to Table 1-1.

Municipal capital spending is estimated to increase about 8 percent in 1977, compared to a 2 percent increase in 1976. Capital outlays for transportation, protection, environmental services and planning and development are all estimated to increase over 10 percent, while transfers to enterprises and recreation capital spending should decline.

School board current spending is estimated to increase 10 percent in 1977, down significantly from the 19 percent increase of the previous year. This mainly reflects smaller increases in wage settlements for teachers since the major increases awarded in 1975 and early 1976. School board capital spending is expected to continue to decline, but at a slower rate than in 1976.

## Revenues

Local government total revenues are estimated to increase to over \$7.3 billion in 1977. This represents a 12 percent growth rate, the same rate as the previous year, and slightly faster than the anticipated increase in expenditures for 1977. On a calendar year basis, Provincial grants are estimated to increase to \$3.3 billion. This represents an 11 percent growth rate, more than double their rate of growth in 1976. Property taxes should total over \$3.1 billion in 1977. This amounts to a 13 percent increase, down from 18 percent in the previous year due to a smaller increase in aggregate mill rates.

Municipal revenues are expected to increase 13 percent in 1977, slightly faster than the previous year. Property taxes are estimated to increase 12 percent, the same as in 1976, while Provincial grants grow 13 percent, 8 percentage points more than the previous year. Unconditional grants are estimated to grow 17 percent, while other current purpose grants grow 8 percent, to give an overall 12 percent increase in municipal revenue fund grants. Grants for capital purposes are estimated to grow 17 percent, up from 6 percent the previous year. Other revenues for capital purposes, including transfers from reserves and reserve funds, should grow about 16 percent, down from 22 percent in 1976.

The increase in school board revenues in 1977 will be about 11 percent, slightly less than that for municipalities because of the slower growth in education spending. The fastest growing item in school board revenues is property taxes, which are estimated to increase 14 percent. This is significantly lower than the previous year's increase, but nevertheless 2 percentage points more than the increase in municipal property taxes in 1977. Provincial grants to school boards will increase to nearly \$1.9 billion. This reflects a 9 percent increase, significantly more than the 1976 increase but slightly less than the increase in grants to municipalities in 1977.

Local Government Revenues

Table 3-2

	1976	1977 Estimate	1977/76	1976/75
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Taxation	1,469	1,640	12	12
Ontario Grants	1,288	1,455	13	5
Other Revenues	697	815	17	22
Subtotal	3,454	3,910	13	11
<i>School Boards</i>				
Taxation	1,296	1,480	14	25
Ontario Grants	1,724	1,875	9	6
Other Revenues	83	90	8	9
Subtotal	3,103	3,445	11	13
<i>Total Local Sector</i>				
Taxation	2,765	3,120	13	18
Ontario Grants	3,012	3,330	11	5
Other Revenues	780	905	16	21
Total*	6,557	7,355	12	12

\*Does not equal total expenditure because of long term borrowing and changes in year end balances.

## Mill Rates and Tax Levels

Total mill rates rose about 9 percent in 1977, 5 percentage points less than in 1976. The average increase in municipal mill rates was 8 percent, the same as in the previous

year, while school mill rates grew 10 percent on average, down from 21 percent. Urban municipalities, particularly Metro Toronto, had significantly larger increases in total mill rates than the rest of the province.

Average increases in municipal mill rates in 1977 ranged from 5 percent in rural southern Ontario to 10 percent in regional governments, with urban municipalities having slightly larger increases than rural municipalities. Urban municipalities outside Metro had 8-9 percent increases in school mill rates while rural areas averaged 6 percent. Metro Toronto had an exceptional 21 percent increase in school rates because its school tax rate was kept down in 1976 by savings from the secondary school teachers strike.

Changes in Residential Mill Rates by Types of Municipality and Economic Regions, 1976 and Estimated 1977 Table 3-3

	Municipal		School Boards		Total	
	77/76	76/75	77/76	76/75	77/76	76/75
	%	%	%	%	%	%
Metro Toronto	9	11	21	12	15	12
Regional Governments	10	6	8	23	9	14
Cities	8	6	9	27	8	15
Rural South	5	5	6	26	6	15
Rural North	8	5	6	28	7	12
Northwest	8	5	10	18	9	10
Northeast	7	7	8	21	7	13
Eastern	9	7	6	30	8	18
Central	9	8	14	18	12	13
Southwest	7	8	10	30	8	18
<i>Provincial Average</i>	8	8	10	21	9	14

Note: 1977 mill rates taken from mill rate by-law returns.

Average residential property taxes are estimated at \$544 per household for 1977, up \$45 from 1976. This represents a growth rate of 9 percent, slightly more than the estimated growth for the year in consumer prices and household incomes. Accordingly, property taxes will account for a slightly larger proportion of household incomes in 1977 than in 1976. Estimated tax levels for each type of municipality and for each economic region are shown in Appendix E.

Average Residential Property Taxes Per Household: 1970-1977 Table 3-4

	1970	1976	1977 Estimate
	\$	\$	\$
Municipal taxes and charges	181	263	284
School taxes	180	236	260
Gross property tax	361	499	544
Tax offsets*	65	115	115
Net property tax	296	384	429
Share of household income (%)			
Gross taxes	3.2	2.5	2.6
Net taxes	2.7	1.9	2.0

\*Includes Provincial tax credits and municipal programs.





## **II. ANALYSIS OF LOCAL GOVERNMENT FINANCE IN 1975**



# Municipal Revenue Fund Operations

## 1. Total Expenditures

Total municipal revenue fund expenditures increased 21 percent in 1975, from \$2.2 billion in 1974 to almost \$2.7 billion.<sup>1</sup> This rate of growth was substantially higher than the 13 percent average rate of growth over the period 1970-1974. In per household terms, expenditures grew 17 percent in 1975, compared with an average increase of 9 percent over the preceding four years. In comparison, prices, as measured by GNP implicit price deflator, increased 11 percent in 1975 and an average of 7 percent per year over the period 1970-1974.

These figures suggest that roughly half of the increase in municipal spending in 1975 was due to inflation. A further quarter was due to increased volume of service because of increased numbers of households, and the remaining quarter was due to increases in the level of service provided. Over the period 1970 to 1974, about half of the increase in spending was due to inflation, a further third to increased volume of services, and the remainder—about a sixth of the total—to increased levels of service.

While inflation and increases in numbers of households are beyond the control of municipalities, changes in levels of service represent the explicit spending decisions of municipal councils. Levels of service rose 5 percent to 6 percent in 1975, as opposed to an average growth rate of only 2 percent over the years 1970 to 1974.

Not all revenue fund expenditures go for the provision of services to ratepayers. Some expenditures are required to service long term debt incurred in previous years, while other amounts are transferred to other funds for expenditure in future years. In 1975, about \$2.2 billion was spent on services to ratepayers, while almost \$500 million was accounted for by debt charges and transfers to other funds (Table 4-1).

Since 1970, municipal expenditures on current operations have been growing slightly faster than total revenue fund spending. This was primarily due to relatively slow growth

Municipal Revenue Fund Spending by Object

Table 4-1

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
Financial Items				
Debt Charges	231	247	7	8
Transfers to: Capital Fund	119	148	24	15
Other Funds*	64	89	39	17
Subtotal	414	484	17	12
Operating Expenses	1,789	2,190	22	14
Total	2,203	2,674	21	13

\*Reserves and reserve funds. Comparisons between 1974 and 1975 figures may be slightly distorted by changes in reporting procedures.

<sup>1</sup>This analysis covers municipalities and all local boards. Municipal enterprises are not included, except to the extent that municipalities may include enterprise deficits and debt charges in their own expenditures. See Appendix B.

in debt charges, which declined from 13 percent of total revenue fund spending in 1970 to 9 percent in 1975. The proportion of revenue fund spending accounted for by inter-fund transfers was roughly constant between 1970 and 1975.

## 2. Expenditures by Function

The rates of growth of spending on individual functions varied widely, both in 1975 and in the preceding four year period. However, spending in all functional areas and in all subfunctions except one, grew faster than inflation over the 1970-1975 period. The differences in spending growth rates reflect changing municipal needs and priorities, as well as shifts in responsibilities between the municipal and Provincial levels of government. Despite these differences, the composition of municipal spending changed relatively little between 1970 and 1975. Protection grew from 18 percent to 20 percent of total spending, while recreation grew from 10 percent to 12 percent. Transportation declined from 27 percent to 24 percent. The three major service areas—transportation, protection and health and social services—accounted for two-thirds of every dollar spent by municipalities throughout the five year period. Each was responsible for approximately 20 to 24 percent of total expenditures (Table 4-2).

Composition of Municipal Revenue Fund Spending

Table 4-2

	1970	1974	1975
	%	%	%
General Government	11	11	11
Protection	18	20	20
Transportation	27	25	24
Environment	11	11	10
Health and Social	21	20	20
Culture and Recreation	10	11	12
Planning and Development	2	2	3
Total	100	100	100

Transportation is still the most important municipal function in dollar terms, but is also the slowest growing. In 1975 over \$640 million was spent on this service, of which roads accounted for \$529 million. Roadway costs, traditionally the major service of municipalities, grew at a much slower pace than almost all other areas of municipal spending over the 1970-1975 period. By contrast, transit costs absorbed by municipalities exhibited the highest rate of growth of all major services. The transit figures reflect in large part increased Provincial grants favouring public transportation. Between 1970 and 1975 the number of lane miles of municipal roads increased less than 3 percent as against a 20 percent increase in the number of passengers carried by municipal transit systems.<sup>1</sup>

Spending on protection to persons and property, the second largest municipal function reached almost \$550 million in 1975, an increase of 23 percent. More than half of this amount was spent on policing. Policing costs increased about 130 percent between 1970 and 1975. Labour costs account for about four-fifths of total police costs, so that much of this increase is attributable to high wage settlements and to increased police complements. Other factors were the assumption by regional governments of responsibility for policing areas formerly served by the OPP, and the introduction of two man

<sup>1</sup>Source: Ministry of Transportation and Communications.



# Municipal Revenue Fund Spending by Function

Table 4-3

	1974	1975	1975/1974	Annual 1974/1970
	\$ Million	\$ Million	%	%
<i>General Government</i>	241	273	13	12
<i>Protection</i>				
Police	228	284	25	17
Fire	145	177	22	13
Conservation	41	50	22	26
Other	29	34	17	14
Subtotal	443	545	23	16
<i>Transportation</i>				
Roads <sup>1</sup>	464	529	14	8
Transit	82	114	39	37
Subtotal	546	643	18	11
<i>Environment</i>				
Sewers <sup>2</sup>	159	188	18	12
Solid Waste	79	89	13	13
Subtotal	238	277	16	12
<i>Health and Social Services</i>				
General Assistance	156	189	21	8
Elderly	117	150	28	22
Day Care	18	26	44	46
Children's Aid	70	87	24	8
Public Health	53	64	21	11
Other Health	22	28	27	2
Subtotal	436	544	25	12
<i>Culture and Recreation</i>				
Parks and Recreation <sup>3</sup>	184	241	31	19
Libraries	63	77	22	14
Subtotal	247	318	29	18
<i>Planning and Development</i>	52	74	42	23
Total	2,203	2,674	21	13

<sup>1</sup>Includes approximately \$3 million for air and water transportation.

<sup>2</sup>Includes \$14 million for municipal contributions to waterwork enterprises and \$8 million for pollution control.

<sup>3</sup>Includes grants to post secondary institutions for cultural purposes.

patrol cars in some areas. Between 1970 and 1975, the number of municipal policemen rose from 8,800 to 11,100, or 26 percent.<sup>1</sup> The Province, in recognition of the need for expansion of police services enriched the unconditional grants paid to municipalities with their own police forces almost yearly over the 1970-75 period.

Fire protection is the other major component of protection expenditures and, like policing, is very labour intensive. Wage increases for firefighters normally parallel those for policemen. However, spending on fire services did not grow as fast as that for police services between 1970 and 1975 mainly because fire department complements did not increase as fast as police force complements. Between 1970 and 1975, the number of professional firefighters in Ontario rose an estimated 11 percent,<sup>2</sup> 15 percentage points less than the increase in numbers of policemen.

<sup>1</sup>Source: Ontario Police Commission.

<sup>2</sup>Source: Ministry of the Solicitor General.

Conservation authorities have increased spending extensively since 1970. Between 1970 and 1974 their spending increased, on average, 26 percent per year, while in 1975 it increased 22 percent. This high rate of growth of expenditure was largely due to increased awareness of environmental matters, increases in Provincial grants, and more emphasis on recreational facilities by conservation authorities. Other protection expenditures, including by-law enforcement, emergency measures organizations and flood control, have grown at about the same rate as the overall growth in municipal spending.

Health and social services is an area of municipal expenditure where a significant proportion of spending is mandatory in that it is required by Provincial legislation. Of the three major functions, it grew the most in 1975, 25 percent as against 23 percent for protection and 18 percent for transportation. This was more than double the 12 percent annual increase exhibited during the 1970-74 period. All subfunctions within this service experienced increases of more than 20 percent in 1975. Spending on day care and assistance to the elderly also experienced major expenditure increases in the preceding four year period.

The high rate of spending increases for day care, both in 1975 and during the preceding four year period, was partly due to large increases in Provincial conditional grants for day care centres. This was in recognition of the very high demand for day care over the period. One indication of the strength of this demand is that the female labour force participation rate in Ontario increased from 38 percent to 44 percent between 1970 and 1975.<sup>1</sup> The number of children in municipally operated and subsidized day nurseries increased from 4,300 in 1970 to more than 12,500 in 1975.<sup>2</sup>

Spending on general welfare assistance increased significantly more in 1975 than in the previous four years; 21 percent as opposed to an annual average of 8 percent. Municipal programs concentrate on persons who do not qualify for Federal and Provincial assistance programs, and in times of general economic slowdown, the number of these persons can rise rapidly. The number of municipal welfare recipients increased from 141,000 at the end of 1974 to 154,000 at the end of 1975.<sup>3</sup> In contrast, between 1970 and 1974, the number of recipients decreased by 20,000. This was partly due to the transfer of 11,000 welfare recipients to Provincial assistance programs in 1973.

Children's aid societies and other assistance to children amounted to about \$87 million in 1975, 24 percent more than in 1974. The 1975 increase almost equalled the total increase which took place between 1970 and 1974, due to a large increase in Provincial grants and a 5 percent increase in the number of cases handled by children's aid societies. By contrast, between 1970 and 1974 the number of cases handled declined an average 3 percent per year.<sup>3</sup>

The bulk of local government spending for health services is for the support of health units and boards of health. The major factors responsible for the high growth in health spending in 1975 were: major wage increases for public health nurses; municipal responses to increasing public concern about environmental health; increased municipal contributions to new hospitals<sup>4</sup>; and the establishment of medical centres in communities without medical practitioners.

Of the four smaller functions of municipal spending, culture and recreation, and planning and development, had very high spending growth rates in 1975 while general government and environmental services had relatively low spending increases.

<sup>1</sup>Source: Statistics Canada.

<sup>2</sup>Source: Ministry of Community and Social Services estimates.

<sup>3</sup>Source: Ministry of Community and Social Services.

<sup>4</sup>Municipalities in southern Ontario contribute about one-third of the capital costs of new hospitals; those in northern Ontario contribute about one-sixth.

Culture and recreation was the second fastest growing area of municipal spending both in 1975 and in the preceding four years. The high rate of expenditure growth reflects in part the recurring costs of new facilities constructed during a major expansion of recreation capital spending in the 1970 to 1975 period. It also indicates willingness of local ratepayers to pay for soft services as a result of increased personal incomes. Parks and recreation received higher priority than libraries in local decision making, even though library expenditures are grant supported to a greater degree by the Province. The number of full time professional librarians increased 25 percent from 1970 to 1974, and a further 9 percent in 1975.<sup>1</sup> However, library circulations did not grow at all between 1970 and 1974, and grew only 7 percent in 1975.<sup>1</sup>

Although planning and development is a relatively minor function, in dollar terms spending on the function has quadrupled since 1970. The major factor in this surge has been the increased need for planning which emerged with urbanization and the rapid increase in residential construction during the early 1970's. This need has been compounded by the more recent emphasis on reconciling urban growth with environmental protection and the need to conserve energy. In addition, the Province delegated some planning responsibilities to regional governments in 1975. On the development side, urban municipalities have become more involved in landbanking for both residential and commercial purposes, while rural municipalities have increased their participation in the upgrading of rural land through the Provincial tile drainage program. Development expenditures include municipalities' 7½ percent share of the deficits of public housing authorities. Municipal contributions to public housing deficits amounted to \$10 million in 1975.<sup>2</sup>

Environmental expenditures grew relatively slowly between 1970 and 1975, despite increases in volume of service. For example, the amount of sewage treated rose 28 percent.<sup>3</sup> The increase in sewerage costs of municipalities over this period was moderated by increased efficiency through separation of storm sewers from other sewers. In addition the capital intensive nature of this function made it less susceptible to the influence of inflation than other functions. Moreover, major Provincial and Federal capital grants allowed a significant expansion in service without a proportionate rise in debt carrying costs.

Solid waste disposal is more labour intensive than sewer services, but municipal costs in this area grew at a rate similar to that for sewers during the 1970-1975 period. This is because many urban municipalities were able to limit costs and increase productivity through a variety of means. These included contracting out garbage collection, more efficient use of municipal manpower, fewer collections per week, requiring residents to place garbage in front of their houses and requiring medium and high density developments to pay for their own solid waste disposal.

### 3. Expenditure Levels by Types of Municipality

To account for variations in population between different types of municipality and different economic regions,<sup>4</sup> the discussion in this section and the next is in terms of spending per household. This applies not only to the levels of spending in 1975, but also to the rates of spending increase from 1970 to 1975.

Municipal spending by types of municipality varied in 1975, from \$652 per household in rural southern Ontario to \$1,083 per household in Metro Toronto (Table 4-4). Urban

<sup>1</sup>Source: Ministry of Culture and Recreation.

<sup>2</sup>Source: Ministry of Housing.

<sup>3</sup>Source: Ministry of the Environment.

<sup>4</sup>See Appendix C.

areas—Metro, regional governments and cities—had spending levels considerably above those in the more rural parts of the province. The primary reason for the difference is that rural areas provide fewer services, and lower levels of service, than urban areas. The Ontario Provincial Police provides free policing to rural areas, for a saving in expenditure of up to \$120 per household. Volunteer fire departments are very much less

Municipal Revenue Fund Spending Per Household  
By Types of Municipality in 1975

Table 4-4

(i) By Function

	METRO			REGIONAL GOVERNMENTS			CITIES		
	1975	75/74	Annual 74/70	1975	75/74	Annual 74/70	1975	75/74	Annual 74/70
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	94	16	3	109	5	11	86	18	6
Protection	264	22	11	192	18	14	216	13	9
Transportation	222	7	8	233	20	8	181	19	9
Environment	112	13	5	107	11	13	113	19	3
Health and Social	223	24	5	182	26	11	183	30	9
Cult. and Recreation	143	19	11	118	22	17	116	30	13
Planning and Dev.	25	66	14	30	50	19	20	18	3
Total	1,083	17	8	971	18	12	915	20	8

	RURAL SOUTH			RURAL NORTH			PROVINCE		
	1975	75/74	Annual 74/70	1975	75/74	Annual 74/70	1975	75/74	Annual 74/70
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	74	10	16	100	2	3	95	10	8
Protection	77	28	14	79	21	5	189	18	12
Transportation	242	9	2	227	18	10	223	14	6
Environment	43	10	13	92	21	15	96	13	8
Health and Social	144	9	6	180	24	8	187	22	8
Cult. and Recreation	49	22	8	99	21	18	110	20	14
Planning and Dev.	23	10	37	30	31	6	26	44	18
Total	652	12	7	807	20	9	926	17	9

(ii) By Object

	METRO	REGIONAL GOVERN- MENTS	CITIES	RURAL SOUTH	RURAL NORTH	PROVINCE
	\$	\$	\$	\$	\$	\$
Financial Items						
Debt Charges	129	83	94	34	34	86
Transfers to: Capital Fund	31	57	46	66	96	51
Other Funds	25	39	36	16	40	31
Subtotal	185	179	176	116	170	168
Operating Expenses	898	792	739	536	637	758
Total	1,083	971	915	652	807	926

Note: Northern Ontario figures adjusted to remove expenditures for unorganized areas by district boards.



costly than professional firefighters. In many rural areas, the sparsity of settlement makes the cost of communal sewer, water and solid waste disposal services prohibitive and individual households arrange their own services. As a result, municipal environmental expenditures are substantially less than in urban centres. Rural areas, in southern Ontario especially, devote less of their revenues to recreation than do other parts of the province. There are also differences in spending on health and social services between urban and rural areas, partly due to greater demand for social assistance services in urban areas, and partly due to services such as day care which are typically not available in rural areas. The only service area in which rural municipalities spend more than urban municipalities is transportation. This is true, notwithstanding municipal subsidies for public transit in urban centres, because of the greater mileage of rural roads which have to be maintained and kept clear in winter.

The object breakdown of expenditures shows that urban areas have significantly higher debt charges per household than rural areas. This is partly, but not completely, offset by the fact that rural municipalities make greater contributions from current revenues to capital expenditures and reserves and reserve funds. As a result financial expenses in rural municipalities are generally lower than in urban areas, though the levels of financial expenses in rural northern Ontario almost matched urban areas in 1975.

Growth rates in overall expenditures were roughly the same in each of the types of municipality over the period 1970 to 1975.<sup>1</sup> However, regional governments experienced greater annual average increases in expenditure per household over the period 1970 to 1974, due in part to their assumption of some responsibilities from the Province. Rural southern Ontario had the slowest rate of increase in expenditures per household throughout the period.

Within the urban categories, Metro Toronto had significantly higher levels of expenditure than regional governments and cities for protection, recreation, health and social services. The low regional government figure for protection reflects the fact that some parts of these areas were still policed by the OPP. Within the other areas of expenditure, regional governments had the highest levels of spending on general government, transportation and planning. The level of general government spending was due primarily to the reorganizations which took place between 1970 and 1974. However, growth in 1975 was substantially less than in Metro and cities, suggesting that spending levels in regional governments may fall in line with those in other urban centres in the future. The level of transportation spending resulted from the fact that regional governments, unlike cities and Metro, include within their boundaries the rural catchment areas of their urban cores. As a consequence, they have significantly higher mileages of roads to maintain and keep clear in winter. Planning expenditures were high in regional governments because of responsibilities assumed from the Province during 1975. Metro Toronto had a significantly higher level of debt charges than other urban areas, but made significantly smaller contributions to capital and other funds.

Within the two rural categories, northern Ontario had higher levels of expenditure than southern Ontario for all functions except transportation. This was partly due to higher transfers of current revenues to other funds, but mainly reflects the higher costs faced by many northern municipalities due to their isolation, the severity of their winters, and the more scattered nature of their settlements. Environmental and recreational spending were roughly twice those in southern Ontario, possibly due to more funding of capital spending out of current revenues. There is also more demand for recreational services in the north because of the harshness of winters and the relative lack of private

<sup>1</sup>See also *Regional Government in Perspective: A Financial Review*. Ontario Tax Study 11 (T.E.I.G.A., 1976)



facilities. The higher transportation costs in southern Ontario reflect the fact that land between settlements is all part of township municipalities, and is mainly farmed, thus requiring a well serviced road system. In contrast, in northern Ontario, there is relatively little farmland, and sparsely inhabited tracts between settlements are frequently not organized into municipalities.

The distribution of spending on various functions varied little among the urban areas of the province (Table 4-5). Rural southern Ontario spent significantly more of its current revenue on transportation than elsewhere in the province, and significantly less on recreational and environmental services. The pattern of spending in rural northern Ontario was more similar to the urban areas, except for lower spending on protection and higher spending on transportation.

Composition of Municipal Revenue Fund Spending  
by Types of Municipality in 1975

Table 4-5

	Metro	Regional Gov'ts	Cities	Rural South	Rural North	Province
	%	%	%	%	%	%
General Government	9	11	9	11	12	11
Protection	24	20	24	12	10	20
Transportation	21	24	20	37	28	24
Environment	10	11	12	7	12	10
Health and Social	21	19	20	22	22	20
Culture and Recreation	13	12	13	8	12	12
Planning and Development	2	3	2	3	4	3
Total	100	100	100	100	100	100

#### 4. Expenditure Levels by Economic Regions

The regional analysis of expenditure shows less variation in spending levels than the analysis by types of municipality. On a regional basis, the highest overall spending levels in 1975 were in northwest Ontario. Per household spending in southwest Ontario, and to a lesser extent in eastern Ontario, was significantly lower than in other parts of the province (Table 4-6).

The high level of expenditure in northwest Ontario is largely explained by financial items. Capital spending out of current revenue in this region amounted to \$113 per household, more than twice the provincial average of \$51. Similarly, transfers to reserves and reserve funds amounted to \$66 per household compared to the provincial average of \$31. With these financial items excluded, operating expenditure levels in the northwest region were \$30 per household higher than the rest of the province.

Among the individual functions, levels of spending for general government and planning were comparable between all five regions. Spending on protection was roughly the same for four of the regions after allowing for capital spending out of current revenue in the northwest. The higher level of spending in central Ontario is explained by the fact that about 90 percent of this region is served by municipal police forces; in the other regions, about one-third of the policing is done by the OPP. Levels of spending for transportation purposes were inflated in northwest Ontario by capital spending out of the revenue fund, and in eastern Ontario, where the Region of Ottawa-Carleton provided funds to cover part of the previous year's transit deficit as well as the current transit deficit. After allowing for these factors, expenditure levels for transportation

are still higher, and growing faster, in northern and eastern Ontario than elsewhere in the province. This is probably because of additional costs incurred in these areas for maintaining and clearing roads due to the more severe winters. Spending per household on environmental services was highest in northern Ontario, and lowest in the more rural parts of southern Ontario. A similar pattern holds for health and social services, and for recreation spending.

Municipal Revenue Fund Spending Per Household  
by Economic Regions in 1975

Table 4-6

(i) By Function

	NORTHWEST			NORTHEAST			EASTERN		
	1975	Annual		1975	Annual		1975	Annual	
	Level	75/74	74/70	Level	75/74	74/70	Level	75/74	74/70
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	97	20	4	102	16	3	106	21	8
Protection	174	15	15	155	16	12	150	17	6
Transportation	241	22	19	242	19	12	264	28	8
Environment	107	27	5	128	27	14	74	4	9
Health and Social	220	27	17	200	33	8	180	7	7
Cult. and Recreation	154	30	23	110	14	20	96	31	20
Planning and Dev.	35	52	8	25	47	30	26	30	25
Total	1,028	24	15	962	22	11	896	19	9

	CENTRAL			SOUTHWEST			PROVINCE		
	1975	Annual		1975	Annual		1975	Annual	
	Level	75/74	74/70	Level	75/74	74/70	Level	75/74	74/70
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	93	5	10	87	20	3	95	10	8
Protection	211	19	13	148	18	9	189	18	12
Transportation	212	9	6	219	14	3	223	14	6
Environment	100	11	8	88	17	8	96	13	8
Health and Social	188	24	8	159	24	7	187	22	8
Cult. and Recreation	119	20	12	83	22	11	110	20	14
Planning and Dev.	25	47	11	25	25	35	26	44	18
Total	948	16	9	809	18	7	926	17	9

(ii) By Object

	NORTH- WEST	NORTH- EAST	EASTERN	CENTRAL	SOUTH- WEST	PROVINCE
	\$	\$	\$	\$	\$	\$
Financial Items						
Debt Charges	64	77	70	94	74	86
Transfers to: Capital Fund	113	63	54	46	56	51
Other Funds	66	35	32	30	24	31
Subtotal	243	175	156	170	154	168
Operating Expenses	785	787	740	778	655	758
Total	1,028	962	896	948	809	926

Note: Northern Ontario figures adjusted to remove expenditures for unorganized areas by district boards.

The distribution of spending on various functions by economic regions was much more uniform than by types of municipality. In all cases, transportation, protection and health and social services comprised the major service areas, accounting for between 62 percent and 66 percent of total municipal revenue fund expenditures. The only significant variances were the higher percentages accounted for by protection in central Ontario, health and social services and recreation in northwest Ontario, and transportation in eastern and southwest Ontario (Table 4-7).

Composition of Municipal Revenue Fund Spending  
by Economic Regions in 1975

Table 4-7

	North- west	North- east	Eastern	Central	South- west	Province
	%	%	%	%	%	%
Gen. Government	10	11	12	10	11	11
Protection	17	16	17	22	18	20
Transportation	24	25	29	22	27	24
Environment	10	13	8	11	11	10
Health and Social	21	21	20	20	20	20
Cult. and Recreation	15	11	11	13	10	12
Planning and Dev.	3	3	3	2	3	3
Total	100	100	100	100	100	100

## 5. Total Revenues

The major sources of revenue fund revenues for Ontario municipalities are property taxes and Provincial grants, which normally account for approximately 85 percent of all revenue. The remaining 15 percent is composed of payments in lieu of taxes on Provincially and Federally owned properties, and other revenues. Table 4-8 shows that total municipal revenues increased from \$2.2 billion in 1974 to almost \$2.7 billion in 1975, or 23 percent.

Total property taxes, the largest source of revenue for municipal purposes, increased \$206 million in 1975, from \$1.1 billion to \$1.3 billion. This represents a 19 percent increase compared to an average increase of 9 percent per year between 1970 and 1974. Of the total increase, higher mill rates accounted for about 13 percent and the remaining 6 percent was generated by increases in assessment and in special charges.

Provincial current purposes grants to municipalities grew faster than taxation in 1975. They amounted to \$965 million, for an increase of 25 percent, 5 percentage points more than the annual increase between 1970 and 1974. Unconditional grants accounted for over a third of current grants received by municipalities.<sup>1</sup> The growth rate of unconditional grants was the same as that for conditional grants in 1975. In the preceding four years, unconditional grants grew more than four times as fast as conditional grants. The bulk of conditional grants was for roadway maintenance, public transit and social welfare assistance.<sup>2</sup> Provincial support for eligible roadway maintenance costs varies from 50 percent to 80 percent depending on the status and fiscal capacity of each municipality. The total value of grants for roadway maintenance amounted to \$166 million in 1975. Assistance toward the operating deficits of public transit totalled \$49 million, or 50

<sup>1</sup>Details of unconditional grants are available in the publication *Provincial Assistance to Local Governments* (annual supplement to the Ontario Budget).

<sup>2</sup>Details of conditional grant programs are available in the publication *Provincial Assistance to Municipalities, Boards and Commissions* (TEIGA, published annually).

## Municipal Revenue Fund Revenues

Table 4-8

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
Taxation <sup>1</sup>				
Property Taxes	1,064	1,250	18	9
Municipal Charges	41	61	49	4
Subtotal	1,105	1,311	19	9
Payments in Lieu of Taxes				
Ontario	37	51	38	17
Other	50	58	16	5
Subtotal	87	109	25	10
Ontario Grants				
Unconditional	278	347	25	51
Conditional	494	618	25	12
Subtotal	772	965	25	20
Other Revenues	225	296	32	15
Total	2,189	2,681	23	13

<sup>1</sup> Municipal purposes only.

percent of such deficits. Assistance for social welfare purposes amounted to \$292 million, about 65 percent of municipal expenditures on these services.

Payments in lieu of taxes increased at about the same rate as Provincial grants in 1975. Payments from Ontario and its enterprises grew faster than those from the federal government and from municipal enterprises.

Other municipal revenues experienced a very high rate of growth in 1975 as compared with the preceding four year period. The major items in 1975 were fees and service charges (\$104 million), licences and permits (\$26 million), income from investments (\$25 million), and tax penalties and interest (\$18 million). Lot levies accounted for \$6 million in current revenues and an additional \$58 million paid directly into reserve funds.

The composition of municipal current revenues remained virtually unchanged in 1975 from 1974 (Table 4-9). However, during the period 1970 to 1974, the relative importance of the various sources changed significantly. In 1970, property taxation constituted 59 percent of the total revenues whereas Provincial assistance accounted for 28 percent. By 1974, property taxes accounted for only 50 percent of revenue, while Provincial assistance had increased its share to 36 percent. In this same period, other revenue increased its share

## Composition of Municipal Revenue Fund Revenues by Source

Table 4-9

	1970	1974	1975
	%	%	%
Taxation	59	50	49
Payments in Lieu of Taxes	4	4	4
Ontario Grants	28	36	36
Other Revenues	9	10	11
Total	100	100	100



of total revenue from 9 percent to 11 percent. The decreasing importance of property taxation as a source of revenue, and the increasing role played by Provincial grants largely reflect the Province's revenue sharing commitment to local governments.<sup>1</sup>

## 6. Revenue Levels by Types of Municipality

Because municipalities operate their revenue funds on a breakeven basis, the total amount of revenue a municipality raises is largely determined by its total expenditures. For that reason the types of municipality which had the highest level of expenditures in 1975—Metro and the regional governments—also had the highest revenues per household (Table 4-10). The slight discrepancies shown between total revenues and total expenditures are due to under and over levies. In 1975, total current revenues were less than expenditures in Metro Toronto and in cities; in the other categories of municipality, revenues exceeded expenditures.

Revenues from property taxation were highest in Metro Toronto, amounting to almost \$600 per household, or over \$100 more than in other urban municipalities, and over \$300 more than in rural parts of the province.<sup>2</sup> The high level of taxes per household

Municipal Revenue Fund Revenues Per Household  
by Types of Municipality in 1975

Table 4-10

	METRO			REGIONAL GOVERNMENTS			CITIES		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Taxation	598	12	5	475	18	7	462	15	3
Ontario Grants	317	25	15	348	20	19	323	18	25
Other Revenues	159	20	6	160	20	12	120	38	8
Total Revenue	1,074	16	7	983	19	11	905	19	9
Total Expenditure	1,083	17	8	971	18	12	915	20	8

	RURAL SOUTH			RURAL NORTH <sup>1</sup>			PROVINCE		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Taxation	240	14	3	282	17	3	453	15	5
Ontario Grants	318	13	7	400	22	11	333	20	16
Other Revenues	97	17	17	138	39	5	141	24	9
Total Revenue	655	14	9	820	23	7	927	18	9
Total Expenditure	652	12	7	807	20	9	926	17	9

<sup>1</sup> Adjusted to remove revenues for services in unorganized areas.

<sup>1</sup> A detailed description of the revenue sharing commitment (Edmonton Commitment) and how it works is found in the Provincial Treasurer's *Notice of Grants to the Provincial-Municipal Liaison Committee* (annual, each September) and the *Ontario Budget* (annual, each April).

<sup>2</sup> Because each type of municipality gets a varying proportion of its property taxes from non-residential properties, the figures for property taxes per household do not give any indication of comparative property tax levels. Instead, they provide a guide to the fiscal capacity of each type of municipality at current mill rates. Comparative tax levels are discussed in Chapter 7.



in Metro stems partly from its having the highest proportion of non-residential taxes in the province (Table 4-11). Municipalities in rural northern Ontario have almost as great a proportion of non-residential taxes as Metro, because they are frequently centred around large mining or forestry operations. The other categories of municipality derive significantly less of their taxes from non-residential taxpayers, particularly in rural southern Ontario, where non-residential taxes account for less than a third of all taxes, compared to over half in Metro and rural northern Ontario.

Composition of Municipal Revenue Fund Revenues  
by Types of Municipality in 1975

Table 4-11

	Metro	Regional Gov'ts	Cities	Rural South	Rural North	Province
	%	%	%	%	%	%
Taxation	56	48	51	37	34	49
Ontario Grants	29	36	36	48	49	36
Other Revenues	15	16	13	15	17	15
Total	100	100	100	100	100	100
Residential Share of Taxation (%)	47	59	52	68	48	54

The highest increase in municipal taxes per household in 1975, 18 percent, was in regional governments; the lowest was 12 percent in Metro. During the prior four year period, the regional governments also had the highest rate of growth in taxation. The relatively high increases in regional governments reflect large increases in assessment as a result of rapid urbanization, and also slightly higher than average mill rate increases.

Current Ontario grants per household were approximately at the same level in four of the five types of municipality. In the fifth category, rural northern Ontario, the level of Provincial assistance was significantly higher at \$400 per household.<sup>1</sup> Urban municipalities had greater increases in grants per household than rural municipalities over the period 1970 to 1975. This is primarily because road grants, which are concentrated in rural areas, increased slower than other grants.

The two main sources of municipal revenue, taxation and Ontario grants, together contributed similar proportions of total revenue in each type of municipality—between 83 percent and 87 percent (Table 4-11). However, the amounts contributed by taxation and Ontario grants taken separately varied widely among the municipal categories. In the urban areas, taxation accounted for approximately half of municipal current revenues; in the rural areas, Ontario grants contributed between 48 percent and 49 percent of total revenues. This is because Provincial grant programs are designed to have greatest impact in rural areas with relatively small property tax bases. Grants accounted for only 29 percent of current municipal revenues in Metro Toronto, compared with 36 percent in other urban areas, and about 48 percent in the rural parts of Ontario.

## 7. Revenue Levels by Economic Regions

Of the five economic regions, the northwest had the highest per household level of revenue in 1975 as well as the highest increase since 1970 (Table 4-12). The difference is mostly explained by Ontario grants which were about \$130 per household higher in this region than elsewhere in the province.

<sup>1</sup>See Section 8 of this chapter for further analysis.

Municipal Revenue Fund Revenues Per Household  
by Economic Regions in 1975

Table 4-12

	NORTHWEST <sup>1</sup>			NORTHEAST <sup>1</sup>			EASTERN		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Taxation	467	30	3	359	19	5	378	18	6
Ontario Grants	443	31	24	469	20	17	349	21	12
Other Revenues	146	36	15	138	61	8	173	20	7
Total Revenue	1,056	31	12	966	24	11	900	20	8
Total Expenditure	1,028	24	15	962	22	11	896	19	9

	CENTRAL			SOUTHWEST			PROVINCE		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Taxation	497	13	6	383	15	3	453	15	5
Ontario Grants	314	20	17	303	17	13	333	20	16
Other Revenues	140	19	9	112	36	11	141	24	9
Total Revenue	951	16	10	798	18	6	927	18	9
Total Expenditure	948	16	9	809	18	7	926	17	9

<sup>1</sup>Adjusted to remove revenues for services in unorganized areas.

Total taxes per household in the central region were about 25 percent higher than elsewhere in the province except for northwest Ontario. The northwest Ontario figures for 1975 were distorted by a significant overlevy in the dominant municipality of the region, the City of Thunder Bay. However, even after discounting for the distortion, the northwest still had the second highest level of tax per household, partly because of its strong non-residential tax base.

The main reason for variations in the rate of increase in taxes per household between different regions was changes in mill rates. Over the period 1970 to 1974, municipal mill rates increased at a slower rate in the northwest and southwest economic regions than elsewhere in the province; in 1975, mill rate increases were lowest in central and southwest Ontario.

Ontario grants per household varied from a high of \$469 in northeast Ontario to a low of \$303 in the southwest. Similarly their rate of increase, in 1975 as well as between 1970 and 1974, ranged widely. Increases in northern Ontario were generally greater than in southern Ontario due to the northern Ontario special support grant. The eastern and southwest economic regions had lower than average increases because their grant allocations are predominantly for roads. The central and northeastern regions benefitted from increased grants due to restructurings.

Taxation and Ontario grants together contributed 85 percent to 86 percent of revenues in all regions except eastern Ontario (Table 4-13). In this region the proportion was lower due to the relatively large amounts of federal payments in lieu of taxes in the Ottawa area.

Taxes contributed a lesser proportion of total revenues in northern Ontario than elsewhere in the province because Ontario grants contribute over 40 percent of total revenues in the north, compared to less than 40 percent elsewhere.

Composition of Municipal Revenue Fund Revenues  
by Economic Regions in 1975

Table 4-13

	North- west	North- east	Eastern	Central	South- west	Province
	%	%	%	%	%	%
Taxation	44	37	42	52	48	49
Ontario Grants	42	49	39	33	38	36
Other Revenues	14	14	19	15	14	15
Total	100	100	100	100	100	100
Residential Share of Taxation (%)	41	50	59	53	59	54

## 8. Ontario Current Purpose Grants by Types of Municipality and Economic Regions

Ontario grants for current purposes were \$50 per household higher in rural northern Ontario than in other types of municipality (Table 4-14). The difference was accounted for largely by higher unconditional grants, which amounted to \$186 per household in rural northern Ontario compared to \$77 per household received by rural municipalities in southern Ontario. The main reason for this was the levy based unconditional grants, and in particular the northern Ontario special support grant which in 1975 was based on 15 percent of the municipal levy. In addition because of their smaller tax bases and special provisions for mining municipalities, northern municipalities received more grants under the resource equalization component of the levy based grants.

Among urban areas, unconditional grants per household were higher in regional governments and cities than in Metro Toronto. This was due largely to the special grants

Ontario Revenue Fund Grants Per Household  
by Types of Municipality in 1975

Table 4-14

	Metro	Regional Gov'ts	Cities	Rural South	Rural North	Province
	\$	\$	\$	\$	\$	\$
<i>Unconditional</i>						
Per Capita	25	31	22	16	16	24
Police	34	31	22	5	8	24
Levy Based	41	62	109	51	158	66
Special	—	13	—	5	4	6
Subtotal	100	137	153	77	186	120
<i>Conditional</i>						
Transportation	63	71	43	122	90	75
Health and Social	138	115	113	87	103	116
Other	16	25	14	32	21	22
Subtotal	217	211	170	241	214	213
Total	317	348	323	318	400	333

to regional governments and cities in northern Ontario, which raised the average level of levy based grants for these categories. Regional governments had higher per capita grants than Metro because of the density grant paid in less densely populated parts of these areas. Police grants per household in Metro were slightly higher than in regional governments because not all these areas were policed on a regional basis. For both per capita grants and police grants, the levels in Metro and regional governments were slightly higher than in cities, and significantly higher than in rural areas. This is because the structure of the per capita grants favours larger centres, in recognition of their higher costs and more comprehensive service levels, and because police grants are not paid where policing is carried out by the Ontario Provincial Police. Special unconditional grants paid to regional governments are to offset tax shifts due to restructuring. These grants are phased down 20 percent each year over a five year period.

The highest levels of conditional grants in 1975 were in rural areas. This was largely because of higher grants for transportation despite payment of grants for transit deficits to urban areas. Grants for social and health purposes reflect levels of spending for this function: relatively high in Metro, relatively low in rural southern Ontario, and fairly uniform in the other categories of municipality. Conditional grants for purposes other than transportation and social and health services were relatively insignificant despite the large number of programs under which these grants are made. These other conditional grants reached a slightly higher level in rural southern Ontario than elsewhere in the province in 1975.

Among the economic regions, Ontario grants were about \$130 per household higher in northern Ontario than elsewhere in the province, due in large part to the northern Ontario special support grant (Table 4-15).

Ontario Revenue Fund Grants Per Household  
by Economic Regions in 1975

Table 4-15

	North- west	North- east	Eastern	Central	South- west	Province
	\$	\$	\$	\$	\$	\$
<i>Unconditional</i>						
Per Capita	20	24	23	28	20	24
Police	17	22	12	29	15	24
Levy Based	203	189	71	47	63	66
Special	2	17	6	6	1	6
Subtotal	242	252	112	110	99	120
<i>Conditional</i>						
Transportation	62	81	104	65	85	75
Health and Social	124	114	111	116	97	116
Other	15	22	22	23	22	22
Subtotal	201	217	237	204	204	213
Total	443	469	349	314	303	333

Unconditional per capita grants were slightly lower than average in the northwest and southwest economic regions because there are no regional governments in those areas. Police grants were higher than average in the central and northeast economic regions because of the presence of regional police forces, which attracted a higher grant rate, and because more of policing in these regions is carried out by municipalities rather than the OPP. Special assistance was highest in northeast Ontario because of grants for restructuring.

Conditional grants were also fairly uniformly distributed between the different regions. Grants for transportation purposes were slightly higher than average in eastern Ontario, reflecting higher than average expenditures for transportation in that region. Conversely, the lower than average level in health and social grants in southwest Ontario reflects a lower level of expenditures than elsewhere in the province.



# Municipal Capital Fund Operations

## 1. Expenditures

Municipal capital expenditures grew 31 percent in 1975, significantly faster than the already high growth rate experienced during the 1970-74 period. This indicates the effect on municipal finance of rapid urbanization and high levels of housing construction. The 1975 figures, and to a lesser extent the 1974 figures, also reflect the effectiveness of the Federal-Provincial winter capital works program. This program was designed to stimulate winter employment by providing loans and grants to municipalities for capital projects completed by June 30, 1975. A total of \$80 million was paid to municipalities under this program, of which about \$60 million was spent in 1975.

The fastest growing areas of capital spending in 1975 were planning and development, general government, environment and transportation (Table 5-1). Spending on planning and development grew 79 percent compared to an average growth of 5 percent per year over the 1970-74 period. Some of this growth was attributable to increased municipal involvement in land banking and development for both industrial and residential purposes, partly in response to Provincial initiatives. Part of the increase was also due to increases in Provincial loans for tile drainage purposes. The high growth in spending on environmental services was largely due to new sewerage works construction which resulted in a 28 percent increase in sewage treatment capacity over the 1970-75 period.<sup>1</sup> The 1975 figures for environment also reflect the winter works funding and Provincial grants toward sewer systems in restructured areas. A significant part of the 44 percent increase in capital spending on transportation was due to subway construction in Metro Toronto while the rest was due to new roadway construction throughout the province.

Municipal Capital Fund Spending by Function

Table 5-1

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
General Government	29	38	31	18
Protection	31	39	26	33
Transportation	300	409	36	15
Environment	174	250	44	21
Health and Social	22	23	5	-5
Culture and Recreation	131	141	8	43
Planning and Development	38	68	79	5
Transfers to Enterprises	51	50	-2	11
Total	776	1,018	31	19

The slow growth areas of capital spending in 1975 were health and social services, and culture and recreation. In both cases the increases were less than 10 percent even though in prior years recreation had average annual increases in excess of 40 percent. The relatively low rate of growth in these expenditures in 1975 and the decline in transfers to enterprises, are partly attributed to the program of restraint initiated by the Province in mid-1975 when the economic outlook for the rest of the year became uncertain. As

<sup>1</sup>Source: Ministry of the Environment.

part of its overall restraint program, the Province asked the Ontario Municipal Board to approve only new municipal capital projects which were either related to the supply of housing or would have significant impact on employment. The OMB was particularly charged to curtail recreation spending, and the increase in spending in this area during 1975 mainly reflects projects funded under the winter employment program which began before the restraint program was initiated.

The different growth rates of expenditures for various functions caused some changes in the distribution of capital spending between 1970 and 1975. However, transportation and environment remained the most important functions, accounting for over 60 percent of capital spending between them (Table 5-2). Transportation's share of capital spending declined from 44 percent in 1970 to 40 percent in 1975. Conversely, environment spending grew from 20 percent to 24 percent. Recreation rose from 8 percent in 1970 to 17 percent of capital spending in 1974, more than double its share of 1970 spending, before dropping to 14 percent in 1975.

Composition of Municipal Capital Fund Spending

Table 5-2

	1970	1974	1975
	%	%	%
General Government	4	4	4
Protection	3	4	4
Transportation	44	39	40
Environment	20	22	24
Health and Social	4	3	2
Culture and Recreation	8	17	14
Planning and Development	8	5	7
Transfers to Enterprises	9	6	5
Total	100	100	100

The major object component of municipal capital spending in 1975 was the construction of roads, bridges, sewer mains and other structures, which together accounted for more than half of total spending. A further 25 percent was spent on land purchases and construction of buildings. About 9 percent of capital expenditures represented transfers to municipal enterprises, local hospitals and other agencies, and to farmers under the tile drainage program.

Municipal Capital Fund Spending by Object in 1975

Table 5-3

	\$ million	Percent of Total
Purchases of land	91	9
Construction of buildings	164	16
Other construction (roads, etc.)	569	56
Machinery and equipment	103	10
Transfers	91	9
Total	1,018	100

## 2. Expenditure Levels by Types of Municipality

Comparisons of capital spending, both on a year-to-year basis and between different areas, can be misleading because spending levels may vary greatly from year to year depending on the timing of projects. To avoid this problem the per household spending

levels are separately analysed only for the major ongoing capital programs; transportation, environment and recreation.

The levels of capital spending in Metro Toronto and the regional governments were about a third higher than elsewhere in the province in 1975. This difference, amounting to about \$100 per household, was due in large part to higher spending on transportation (Table 5-4). A large part of this was due to capital outlays for public transit, which increased rapidly following the introduction of a 75 percent Provincial subsidy in 1973.

Municipal Capital Fund Spending Per Household  
by Types of Municipality in 1975

Table 5-4

	METRO			REGIONAL GOVERNMENTS			CITIES		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Transportation	187	65	2	147	20	19	104	14	15
Environment	89	29	24	108	46	16	101	46	11
Culture & Recreation	69	11	42	49	-12	39	34	9	45
Other <sup>1</sup>	51	16	14	96	52	12	75	-13	6
Total	396	36	12	400	25	18	314	12	13

	RURAL SOUTH			RURAL NORTH			PROVINCE		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Transportation	110	19	8	101	31	9	142	32	10
Environment	40	21	13	57	84	32	87	40	17
Culture & Recreation	33	50	22	50	19	43	49	4	40
Other <sup>1</sup>	75	29	2	65	62	Negl.	76	29	9
Total	258	26	8	273	44	25	354	27	15

<sup>1</sup>Includes general government, protection, health and social services, planning and transfers to enterprises.

Capital expenditures per household on environmental services, largely sewerage works, were approximately twice as high in urban municipalities as in rural areas. The high spending levels in regional municipalities reflect urban growth over the period 1970 to 1975. The rate of increase in spending on sewer services was highest in rural northern Ontario, where the Province has had a number of programs aimed at improving the infrastructure of municipalities.<sup>1</sup> Capital expenditures per household on recreation and other functions were approximately the same in each type of municipality.

The distribution of capital spending between the various functions varied considerably among types of municipality (Table 5-5). The share accounted for by transportation ranged from a high of 47 percent in Metro to a low of 33 percent in cities. Similarly, environ-

<sup>1</sup>The main programs are Regional Priorities, airport development, and Ministry of the Environment water and sewer assistance.

Composition of Capital Fund Spending  
by Types of Municipality in 1975

Table 5-5

	Metro	Regional Gov'ts	Cities	Rural South	Rural North	Province
	%	%	%	%	%	%
Transportation	47	37	33	43	37	40
Environment	23	27	32	15	21	25
Culture & Recreation	17	12	11	13	18	14
Other	13	24	24	29	24	21
Total	100	100	100	100	100	100

ment accounted for 32 cents of every capital dollar spent by cities, while in rural southern Ontario it accounted for only 15 cents. These differences are largely explained by the characteristics of each type of municipality: transit is particularly important in Metro; relatively few municipalities in rural southern Ontario provide sewer services. The share accounted for by recreation was relatively uniform, except for Metro and the rural north, where it was about 5 percentage points higher than in the rest of the province.

### 3. Expenditure Levels by Economic Regions

Levels of capital spending varied more among economic regions than among types of municipality. The highest levels were in those areas in which the Province has committed itself to upgrading municipal facilities (Table 5-6). In northwest Ontario, capital expenditures per household were \$490, nearly 40 percent above the provincial average of

Municipal Capital Fund Spending Per Household  
by Economic Regions in 1975

Table 5-6

	NORTHWEST			NORTHEAST			EASTERN		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Transportation	119	-12	41	124	8	21	139	5	19
Environment	197	515	13	87	102	23	121	57	28
Culture & Recreation	61	117	17	44	-19	73	55	17	44
Other	113	14	9	102	19	14	112	42	15
Total	490	64	25	357	19	23	427	27	26

	CENTRAL			SOUTHWEST			PROVINCE		
	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70	1975 Level	75/74	Annual 74/70
	\$	%	%	\$	%	%	\$	%	%
Transportation	154	49	5	108	14	13	142	32	10
Environment	79	21	14	71	42	18	87	40	17
Culture & Recreation	51	-2	39	33	32	26	49	4	40
Other	65	20	9	67	63	-1	76	29	9
Total	349	26	12	279	30	12	354	27	15



\$354. The high growth rate in spending per household in this region—64 percent or over twice the provincial average—puts into context the high level of capital spending out of revenue in the area during 1975. The region with the next highest level was eastern Ontario, another target area for Provincial and Federal programs to upgrade municipal infrastructures.<sup>1</sup> Spending here was \$427 per household, 20 percent above the provincial average.

The main impetus for the high level of spending in northwest and eastern Ontario came from expenditures on environmental services. These amounted to \$197 and \$121 per household for the two regions respectively, substantially higher than the provincial average of \$87 per household. Spending on recreation and on other services was also somewhat higher in northwest and eastern Ontario than elsewhere in the province. Transportation expenditures per household were highest in central Ontario, chiefly due to spending for public transit. In northwest Ontario, the level of transportation capital spending declined 12 percent in 1975.

The distribution of capital expenditures among functions varied considerably between regions. Transportation accounted for 44 percent of capital spending in central Ontario, but only 24 percent in northwest Ontario (Table 5-7). The reverse was true for environment, which accounted for 40 percent of capital spending in the northwest and only 23 percent in central Ontario.

Composition of Capital Fund Spending  
by Economic Region in 1975

Table 5-7

	North- west	North- east	Eastern	Central	South- west	Province
	%	%	%	%	%	%
Transportation	24	35	33	44	39	40
Environment	40	24	28	23	25	25
Culture & Recreation	13	12	13	14	12	14
Other	23	29	26	19	24	21
Total	100	100	100	100	100	100

#### 4. Total Revenues

Total municipal capital fund revenues grew 34 percent in 1975 to \$581 million.<sup>2</sup> This was twice the annual average increase for the preceding four year period (Table 5-8). The main reason was a 56 percent jump in Provincial capital grants, three times the average increase of previous years. Transfers from revenue funds (a 24 percent increase) and other revenues (a 40 percent increase) also contributed to the revenue growth.

Most capital grants to municipalities are for transportation purposes. The 49 percent increase in transportation grants in 1975 was largely due to a 110 percent increase in Provincial assistance to transit, mainly for subway construction in Metro Toronto. The increase in grants for construction of roads was about 14 percent. Capital grants other than those for transportation increased faster than transportation grants over the 1970 to 1975 period. The main increases in 1975 were in loan forgiveness under the winter capital works program and Regional Priorities grants to northwest Ontario. In addition, capital grants for environmental purposes and for community centres were double those of the preceding year.

<sup>1</sup>Includes Regional Priorities, industrial parks, and special assistance for sewer services in Ottawa-Carleton area.

<sup>2</sup>Excludes long term borrowing, which is discussed in chapter 8.



# Municipal Capital Fund Revenues

Table 5-8

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
<i>Own Funds</i>				
Revenue Fund	119	148	24	15
Reserves and Reserve Funds	81	78	-4	25
Subtotal	200	226	13	18
<i>Ontario Grants</i>				
Transportation	129	192	49	16
Other	43	76	77	23
Subtotal	172	268	56	18
<i>Other Revenues</i>	62	87	40	10
Total <sup>1</sup>	434	581	34	17

<sup>1</sup>Excludes long term borrowing.

Table 5-8 also shows the degree to which Ontario municipalities finance their capital spending on a "pay as you go" basis. A number of major municipalities, including Toronto, Hamilton, and London, have institutionalized the principle of providing capital financing out of current revenue by setting a mill rate specifically for that purpose. Contributions from the revenue fund financed about 15 percent of capital expenditures in 1975.

Contributions from reserves and reserve funds amounted to \$78 million in 1975, down \$3 million from 1974. This decrease may be accounted for by delays in transferring funds to the capital fund, since municipalities held record levels of reserves and reserve funds at the end of 1975. Other capital sources include investment income (\$2 million) and proceeds from sales of assets (\$13 million).

The composition of non-debt revenues for capital purposes changed significantly in 1975 (Table 5-9). Ontario grants increased from 40 percent to 46 percent of total revenues while own fund contributions decreased from 46 percent to 39 percent. The proportion of capital revenue accounted for by Provincial grants increased slightly from 1970 to 1974; the proportions for own funds and other sources varied from year to year.

No analysis has been done for capital fund revenues by types of municipality and economic regions because the year to year variations in capital financing make such analysis of limited value.

## Composition of Capital Fund Revenues by Sources, 1970-1975

Table 5-9

	1970	1974	1975
	%	%	%
Own Funds	43	46	39
Ontario Grants	39	40	46
Other Revenues	18	14	15
Total <sup>1</sup>	100	100	100

<sup>1</sup>Excludes long term borrowing.

# School Board Finance

## 1. Expenditures

Total spending by school boards amounted to \$2.8 billion in 1975, an 18 percent increase over 1974 (Table 6-1). This represented a sharp departure from performance in prior years when the average annual growth rate was 6 percent. The main reason was the substantial wage settlements negotiated by teachers, especially elementary school teachers.

School Board Expenditures			Table 6-1	
	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
REVENUE FUND <sup>1</sup>				
<i>Elementary</i> <sup>2</sup>				
Salaries and Wages <sup>3</sup>	938	1,144	22	9
Debt Charges	130	134	3	3
Other Expenditures	216	267	24	7
Subtotal	1,284	1,545	20	8
<i>Secondary</i>				
Salaries and Wages <sup>3</sup>	691	806	17	9
Debt Charges	70	72	3	5
Other Expenditures	153	178	16	8
Subtotal	914	1,056	16	8
Total	2,198	2,601	18	8
CAPITAL FUND	182	209	15	-11
TOTAL EXPENDITURES	2,380	2,810	18	6

<sup>1</sup>Excludes inter-board transfers and transfers to the capital and other funds.

<sup>2</sup>Includes separate school boards.

<sup>3</sup>Includes amounts paid to administrators, janitors, etc. as well as to teachers.

More than 90 percent of school board expenditures are for operating purposes. Capital spending is of declining significance due to the falling student enrollments of recent years. The increase in capital spending in 1975 reflected a temporary reversal of this trend, due to construction of new secondary schools and some elementary schools in urbanizing areas.

In 1975 three-quarters of revenue fund spending was accounted for by salaries and wages. The cost of salaries and wages increased dramatically, especially on the elementary side. Despite a drop in the elementary school enrollment of 1.3 percent, the number of elementary school teachers increased 3.5 percent and their average salary rose by 28 percent between September 1974 and September 1975. The 9 percent average annual increase in salaries and wages between 1970 and 1974, although much less than in 1975, was still sizeable considering that elementary school enrollment declined almost 5 percent over the period, and the number of teachers was reduced by 3 percent.<sup>1</sup>

<sup>1</sup>Source: Ministry of Education.

The increase in secondary school teachers' salaries and wages was less pronounced. Moreover, it was partly accounted for by increases in enrollment of 2.2 percent in 1975, and 6 percent between 1970 and 1974. The number of teachers grew at a lower rate than enrollments—2 percent in 1975 and 2.4 percent between 1970 and 1974.<sup>1</sup>

Overall, between 1970 and 1975, the average salary of elementary school teachers rose 86 percent to \$14,800, while that of secondary school teachers rose 65 percent to \$19,100. The elementary school pupil-teacher ratio declined from 22.03 to 20.64 while the secondary school ratio increased from 16.38 to 16.97.<sup>2</sup> In other words, a major factor in school board financing since 1970 has been the upgrading of elementary school teachers' salaries and pupil-teacher ratios to nearer the levels found in secondary schools.

Debt charges for school purposes, both elementary and secondary, grew significantly slower than other current expenditures. This reflected a low level of new debt formation associated with declining capital expenditures for school purposes. Other non-payroll expenditures of school boards grew at about the same pace as salaries and wages paid to teaching and non-teaching staff.

## 2. Revenues

Total school board current revenues increased from \$2.3 billion in 1974 to nearly \$2.8 billion in 1975 (Table 6-2). This represented a 21 percent increase, two and one-half times the average annual increase between 1970 and 1974. The increase was largely due to a jump in property taxation from an average annual growth rate of 2 percent between 1970 and 1974 to 19 percent in 1975; and to an increase in Provincial grants of 23 percent, compared to 12 percent in the preceding four years. Other revenues of school boards, including payments in lieu on Ontario Housing developments and other properties, fees for adult education and proceeds of sales, play a minor role in the financing of elementary and secondary education.

School Board Revenues

Table 6-2

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
<b>REVENUE FUND</b>				
Taxation	877	1,040	19	2
Payment in Lieu of Taxes	22	26	18	25
Ontario Grants	1,333	1,633	23	12
Other Revenues	45	50	11	11
<b>Total</b>	<b>2,277</b>	<b>2,749</b>	<b>21</b>	<b>8</b>
<b>CAPITAL FUND</b>				
From Revenue Fund	77	105	36	7
Other Revenues	4	—		
<b>Total</b>	<b>81</b>	<b>105</b>	<b>30</b>	<b>-10</b>

The only major non-borrowing source of funding for school board capital expenditures is current revenues. The \$27 million increase in capital spending by school boards in 1975 was more than matched by a \$28 million increase in transfers to the capital fund from the revenue fund.

Between 1970 and 1975 the share of school costs borne by the Province increased significantly, while the portion borne by property taxpayers declined (Table 6-3). This

<sup>1</sup>Source: Ministry of Education.

<sup>2</sup>Based on full time equivalent teachers and pupils, supplied by the Ministry of Education.

Composition of School Board Revenue Fund Revenues  
by Sources, 1970-1975

Table 6-3

	1970	1974	1975
	%	%	%
Taxation	48	39	38
Payments in Lieu of Taxes	0	1	1
Ontario Grants	50	58	59
Other Revenues	2	2	2
Total	100	100	100

was because the Province undertook to increase its overall rate of support of education each year from 1970.<sup>1</sup> The actual level of support received by any single school board in 1975 varied from 35 percent in Metro Toronto<sup>2</sup> to over 95 percent in isolated areas of northern Ontario. Grants to school boards are designed to equalize the per pupil financial resources of all boards so as to allow equal opportunity to high quality education in all parts of the province. This means that school boards with comparatively large property tax bases received a lower rate of support from the Province than those with relatively small tax bases.

Comparison of Table 6-3 with the composition of municipal revenues (Table 4-9) shows that trends in current financing were broadly similar for municipalities and school boards in the 1970 to 1975 period. In both cases the share of property taxes in total financing was reduced about 10 percentage points while the share of Provincial grants rose about the same amount. Property taxes are still a more important source of revenue for municipalities than for school boards because a greater proportion of school board current spending is grant supported. However, municipalities also receive Provincial grants for capital purposes, whereas school boards do not. Instead, school capital spending is indirectly supported in two ways; through borrowing from the Province at preferred interest rates, and by inclusion of debt charges in revenue fund expenditures eligible for grant support.

### 3. Comparison of Municipal and School Expenditure Increases

In 1975 municipalities accounted for 56 percent of local government expenditures with school boards being responsible for the remaining 44 percent. The emergence of municipalities as the dominant local government spending unit is very recent: in 1970, municipalities accounted for only 46 percent of total local spending, compared to 54 percent for school boards. The decreasing school board share of total local spending reflects the consistent decline in capital spending on schools, compared with the major expansion in municipal capital outlays. Municipal current expenditures grew faster than those of school boards in the 1970 to 1975 period, but total school board current spending still surpassed that of municipalities in 1975.

The major reason for the divergence between municipal and school spending trends, both current and capital, is demographic. While the number of households increased 20 percent between 1970 and 1975, the number of children enrolled in schools declined 2 percent. When the demographic factor is removed, the spending increases of municipalities and school boards become very similar. Over the 1970 to 1975 period, total municipal spending per household increased 78 percent while school board spending

<sup>1</sup>See Ontario Budget, 1969, Budget Paper B, The Reform of Taxation and Government Structure in Ontario.

<sup>2</sup>Excludes Metro Toronto Separate School Board.

per pupil increased 50 percent. In terms of current spending only, the increase for municipalities, 67 percent, was only 2 percentage points greater than the 65 percent increase for school boards.

Another contributing factor to the difference between municipal and school board spending trends has been the role played by the Province. While Ontario did not exercise any control over municipal spending between 1970 and 1975, it did control school board spending. On the revenue fund side, this control consisted of setting ceilings for the maximum level of school board spending per pupil. Control of capital fund spending was carried out through the approval procedures for school board applications for Provincial loans.



# Property Taxes

Total property taxes levied in 1975 amounted to nearly \$2.4 billion, of which 56 per cent was levied for municipalities and 44 percent for school boards. Of the total amount, \$61 million was accounted for by special charges, and \$44 million by gross receipt taxes levied on telephone and telegraph companies. The remainder, \$2,246 million, was levied by application of mill rates to taxable assessments.

## 1. Changes in the Property Tax Base

In 1975 total local taxable assessment increased 4.7 percent, slightly more than the 4.4 percent average growth between 1970 and 1974 (Table 7-1). Commercial, industrial and business assessment grew significantly more than residential and farm assessment in both periods. The higher rate of growth in commercial assessment in 1975 reflected a 17 percent increase in total investment in non-residential construction as compared with an 11 percent decrease of investment in residential construction.<sup>1</sup> The figures reflect also a broadening of the commercial assessment base by Provincial legislation between 1970 and 1975. The assessments of mining properties were increased, effective in 1975, and the business assessment rate for chain retail stores was raised in 1971 and 1972.

Assessment Changes by Types of Municipality  
and Economic Regions in 1975

Table 7-1

	Residential and Farm	Commercial, Ind. and Business	Total
	%	%	%
Metro Toronto	0.9	6.1	3.7
Regional Governments	5.7	5.7	5.7
Cities	4.0	4.6	4.4
Rural South	4.9	5.3	5.0
Rural North	1.7	3.3	2.3
Northwest	0.6	3.2	2.2
Northeast	2.7	9.5	5.2
Eastern	4.4	3.8	4.1
Central	4.1	5.9	4.9
Southwest	4.5	4.6	4.5
<i>Provincial Average: 1974-75</i>	3.9	5.5	4.7
<i>Provincial Annual Average: 1970-74</i>	4.0	4.8	4.4

Source: Ministry of Revenue year end summaries of assessment.

Among different types of municipality, regional governments experienced the highest rate of growth in assessment in 1975, while municipalities in rural northern Ontario had fastest growth in commercial, industrial and business assessment. In all types of municipality, commercial and business assessment grew faster than residential assessment.

Among the different economic regions, northeast Ontario had the highest rate of assessment growth due to the increased assessment of mining properties. Central Ontario also had a relatively high rate of growth due to significant increases in commercial assessment. Growth in residential assessments was substantially less in northern Ontario than

<sup>1</sup>Source: Statistics Canada.

in southern Ontario. This was particularly the case with northwest Ontario, where negligible growth in residential assessment, combined with the lowest increase in commercial assessment, gave rise to an overall increase in the property tax base of less than half the provincial average.

## 2. Changes in Total Mill Rates

Average total mill rates, both residential and commercial, increased 14 percent in 1975 (Table 7-2). By comparison, the average increase during the preceding four years was 1 percent per year.

Changes in Mill Rates by Types of Municipality and Economic Regions

Table 7-2

	1975/74		1974/70 Annual Average	
	Res.	Comm.	Res.	Comm.
	%	%	%	%
Metro Toronto	13	13	1	1
Regional Governments	14	14	2	2½
Cities	13	13	-1	negl.
Rural South	17	17	½	1
Rural North	15	14	1	1½
Northwest	25	23	negl.	1½
Northeast	13	12	½	1½
Eastern	18	17	1	1½
Central	13	14	1	1½
Southwest	12	14	negl.	1
<i>Provincial Average</i>	14	14	1	1½

Over the period 1970 to 1974, commercial mill rates grew on average ½ percent more per annum than residential mill rates. This was due to a broadening of the differential between the two rates for municipal purposes. Up to 1974, except in regional governments and Metro Toronto, the differential for municipal purposes depended upon the amount of unconditional per capita grant received by each municipality. Differentials outside regional governments averaged about 7 percent in 1970, but increased rapidly as unconditional grants were enriched. By 1974, differentials outside regional governments ranged from 5 percent to 60 percent, with an average of 11 percent. In 1975, all differentials for municipal purposes were standardized at 15 percent. This change transferred an estimated tax burden of \$4 million from residential to commercial taxpayers. In those municipalities where existing differentials were greater than 15 percent before 1975, there was a reverse transfer of tax burden from commercial to residential taxpayers. Special transitional grants were paid to those municipalities to ensure that the effect of this change on residential tax burdens was minimal.

The effect of moving to a standard 15 percent mill rate differential for municipal purposes is reflected in the comparison of residential and commercial mill rate increases in 1975. In southwest and central Ontario, where mill rate differentials in 1974 were significantly lower than 15 percent, commercial mill rates increased more than residential rates. In northern Ontario, where a number of municipalities had mill rate differentials substantially greater than 15 percent, the opposite was true: commercial mill rates increased slightly less than residential rates.

Mill rate changes by types of municipality differed very little during the 1970 to 1975 period. Cities outside regional governments enjoyed a slight decrease over the 1970-74 period, while other categories of municipality had very modest increases, the highest of which was 2 percent in regional governments. In 1975 mill rates in rural southern Ontario grew at a higher rate than elsewhere in the province. Mill rate changes among the economic regions were very similar during 1970 to 1974, but significant differences developed in 1975. Total mill rates in northwest Ontario grew on average 24 percent in 1975, about twice as much as in southwest Ontario, and 10 percentage points more than the provincial average. The main reason for this was a sharp increase in municipal mill rates in the City of Thunder Bay and other urban municipalities. These increases resulted in significant overlevying where municipalities did not take into account the enrichment of grants announced in the Ontario Budget in April, 1975. Mill rate increases in eastern Ontario, although lower than in the northwest, were still about 5 percentage points higher than in the other economic regions.

### 3. Mill Rate Changes by Types of Municipality and Economic Regions

Changes in the municipal and education components of mill rates varied considerably from 1970 to 1975 (Table 7-3). From 1970 to 1974, school mill rates declined uniformly throughout the province due to increased grants. As school rates declined, municipal mill rates rose to occupy the tax room vacated by school boards. The increases in municipal mill rates were not uniform across the province. Regional governments had the greatest increase due to higher rates of growth of expenditure. The cities and the northwest economic region had the smallest municipal mill rate increases due to higher rates of increase in Provincial grants. Rural southern Ontario and the southwest economic region also had lower than average increases in municipal mill rates, but these were due more to relatively small increases in expenditures than to higher than average grant increases.

In 1975 both school and municipal mill rate variations were more pronounced than in the preceding four years. The school mill rate generally increased more than the municipal rate, but this was not the case in northern and eastern Ontario. The school increases

Changes in Residential Mill Rates  
by Types of Municipality and Economic Regions

Table 7-3

	1975/74			1974/70 Annual Average		
	Municipal	School	Total	Municipal	School	Total
	%	%	%	%	%	%
Metro Toronto	12	14	13	4	-2	1
Regional Governments	13	16	14	7	-3	2
Cities	13	13	13	1	-4	-1
Rural South	18	16	17	2	-2	$\frac{1}{2}$
Rural North	14	18	15	3	-2	1
Northwest	29	18	25	1	-2	negl.
Northeast	17	9	13	5	-3	$\frac{1}{2}$
Eastern	21	15	18	5	-2	1
Central	12	14	13	5	-2	1
Southwest	10	14	12	2	-3	negl.
<i>Provincial Average</i>	13	14	14	4	-2	1

were relatively uniform throughout the province, with rural areas having slightly larger percentage increases than urban areas. The unusually low increase in school mill rates in northeast Ontario was due to decreases in secondary school requisitions in a number of school boards. Conversely, northwest Ontario had a relatively high increase due to a larger than average increase in the City of Thunder Bay's secondary school mill rate.

On the municipal side, rural areas had larger increases in mill rates than urban areas, particularly in southern Ontario. The large increase in rural southern Ontario was due to a smaller than average increase in grants, while the increase in rural northern Ontario was more the result of overlevying for the year and a higher than average rate of increase in expenditures. Among the economic regions, central and especially southwest Ontario had mill rate increases significantly smaller than other regions due to lower increases in expenditures. London and Windsor, the two largest centres in the southwest region, had zero and 9 percent mill rate increases respectively. The higher than average increases in other regions were due to large increases in their dominant urban centres: Thunder Bay in the northwest, Sault Ste. Marie and Timmins in the northeast, and Ottawa in the eastern region.

#### 4. Taxes by Property Class

Approximately 60 percent of all property taxes were levied on properties taxed at the residential mill rate. This proportion has remained relatively unchanged since 1970, although taxes raised from commercial and industrial properties have increased marginally faster due to higher growth rates in assessment and slightly larger mill rate increases (Tables 7-4 and 7-5).

Property Taxes by Property Class in 1975<sup>1</sup>

Table 7-4

	1975 Taxes	Percent of Total
	\$ Million	%
<i>Properties Taxed at Residential Rate</i>		
Residences—realty taxes	1,203	51.2
—municipal charges	56	2.4
Subtotal	1,259	53.6
Farmland	22	0.9
Vacant land and buildings . . .	87	3.7
Other properties	9	0.4
Total	1,377	58.6
<i>Properties Taxed at Commercial Rate</i>		
Industrial	322	13.7
Financial and wholesalers	103	4.4
Professional, chain retail <sup>2</sup>	177	7.5
Transportation and distribution	27	1.1
Retail and other commercial	275	11.7
Parking lots	21	0.9
Telephone and telegraph <sup>3</sup>	44	1.9
Municipal charges	5	0.2
Total	974	41.4
<i>Total Property Taxes</i>	2,351	100.0

<sup>1</sup>Classes are based on property groupings established under The Assessment Act.

<sup>2</sup>Includes communications properties.

<sup>3</sup>Taxation based on gross receipts.



# Property Taxes by Type

Table 7-5

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
<i>Properties Taxed at Residential Rate</i>				
Taxes	1,128	1,321	17	5
Municipal charges	38	56	47	6
Subtotal	1,166	1,377	18	5
<i>Properties Taxed at Commercial Rate</i>				
Realty taxes	568	675	19	6
Business taxes	245	294	20	7
Municipal charges	3	5	67	negl.
Subtotal	816	974	19	6
<i>Total Property Taxes</i>	1,982	2,351	19	6

All properties experienced a sharp increase in special charges in 1975, largely as a result of the increased use of this method to recover sewer costs. Business taxes grew at a slightly higher rate than realty taxes in the 1970-75 period, due in part to increases in the business assessment rate of certain properties in 1971 and 1972.

## 5. Residential Tax Burdens

Average residential property taxes per household in 1975 were about \$439, an increase of \$56 for the year.<sup>1</sup> By contrast, the total increase over the previous four years was \$22. Expressed as a proportion of average household income, property taxes declined from 3.2 percent in 1970 to 2.4 percent in 1975. This resulted largely from a rapid increase in household incomes—over 9 percent per annum—at a time when mill rates increased less than 4 percent per annum on average. The decreasing importance of property taxes as an item of household expenditure is demonstrated by the fact that while average property taxes per household increased 22 percent from 1970 to 1975, the Consumer Price Index, which measures the average price increase of all household expenditures, increased 42 percent, or about twice the increase in average taxes.

To accurately measure the incidence of property taxation, consideration must be given to not only the taxes paid, but also to the transfer payments made to individuals specifically to offset the effect of property taxes. Such payments include the Provincial property tax credits, pensioner tax credit and farm and managed forest tax reductions. In addition, there are municipal tax credits and rebate programs.

The property tax offset programs provided by the Province were significantly enriched between 1970 and 1974, and were also restructured to provide a greater concentration of assistance to those most in need. The flat rate residential property tax reduction was replaced in 1972 with property tax credits against income tax. The tax credits of a homeowner or renter decrease in value as his or her income rises. About \$266 million in property tax credits was paid out to 2.3 million taxpayers in 1975. The flat rate pensioner supplementary assistance was replaced with pensioner tax credits in 1973.

<sup>1</sup>The figures in this and the following sections are based on the average for all types of residences—single family, apartment buildings, duplexes, flats, seasonal dwellings, etc. On average, taxes on single family residences are approximately 15% higher than the average for all residences, while taxes on apartments are 15% lower than the average.



In 1975, 585,000 pensioners received \$63 million in pensioner tax credits.<sup>1</sup> The farm tax reduction was increased from 25 percent of property taxes to 50 percent in 1973, and managed forests were made eligible for similar reductions in 1975.

The main municipal tax reduction program was under The Municipal Elderly Residents Assistance Act, introduced in 1974. During 1975, 36 urban municipalities made payments of \$1.4 million to elderly residents under this legislation. The Province also paid out about \$1 million to municipalities under The Municipal and School Tax Assistance Act. Under this program, the Province compensates municipalities for enabling persons over 65 years of age to defer up to \$150 of property tax per annum until their houses are sold. Under The Municipal Act, municipalities also have the authority to write off the property taxes of people unable to pay them because of poverty or illness.

As a result of the substantial enrichment of property tax offset programs between 1970 and 1974, net property taxes fell from 2.7 percent to 1.7 percent of household incomes. In 1975, there was a small increase in net tax burdens, to 1.8 percent of average household income, largely because of the significant increase in mill rates in that year.

Average Residential Property Taxes Per Household, 1970-1975 Table 7-6

	1970	1974	1975
	\$	\$	\$
Municipal taxes and charges	181	212	244
School taxes	180	171	195
Gross property tax	361	383	439
Tax offsets*	65	114	115
Net property tax	296	269	324
Share of Household Income (%)			
Gross taxes	3.2	2.4	2.4
Net taxes	2.7	1.7	1.8

\*Includes Provincial tax credits and municipal programs.

## 6. Average Residential Property Taxes by Types of Municipality and Economic Regions

Trends in property tax levels depend mainly on changes in mill rates. Since mill rate trends in the 1970 to 1975 period were very similar in the different types of municipality, the trends in average property tax levels were also very similar. However, the level of average property taxes varied a great deal (Table 7-7).

In 1975, average taxes in Metro Toronto were the highest in the province, 26 percent or \$115 above the provincial average. Taxes in regional municipalities were on average \$66 less than in Metro, but still \$82 more than in cities and \$49 above the provincial average. Taxes in rural southern Ontario were over \$100 less than in cities, and less than half of Metro Toronto taxes. Taxes in rural northern Ontario were only \$208; less than half the provincial average and 37 percent of Metro Toronto taxes. Average taxes in regional governments grew slightly faster than in other areas between 1970 and 1974, while taxes in cities outside regional governments declined an average 1 percent per annum over the period. Metro Toronto had the lowest rate of growth in taxes in 1975, but the increase in absolute terms was still above the provincial average.

<sup>1</sup>For further details see Ontario Tax Study 14 (T.E.I.G.A., 1977).

Average Gross Residential Property Taxes  
Per Household by Types of Municipality

Table 7-7

		1974	1975	1975/74	Annual 1974/70
		\$	\$	%	%
<i>Metro Toronto:</i>	Municipal taxes	251	280	12	4
	Municipal charges	8	7	-13	-5
	Subtotal	259	287	11	4
	School taxes	234	267	14	-2
	Total	493	554	12	1
<i>Regional Governments:</i>	Municipal taxes	221	250	13	7
	Municipal charges	19	31	63	3
	Subtotal	240	281	17	7
	School taxes	179	207	16	-3
	Total	419	488	17	2
<i>Cities:</i>	Municipal taxes	208	234	13	1
	Municipal charges	15	18	20	0
	Subtotal	223	252	13	1
	School taxes	136	154	13	-4
	Total	359	406	13	-1
<i>Rural South:</i>	Municipal taxes	105	124	18	2
	Municipal charges	13	18	38	4
	Subtotal	118	142	20	3
	School taxes	107	124	16	-2
	Total	225	266	18	1
<i>Rural North:</i>	Municipal taxes	98	112	14	3
	Municipal charges	8	11	38	0
	Subtotal	106	123	16	3
	School taxes	72	85	18	-2
	Total	178	208	17	1
<i>Province:<sup>1</sup></i>	Municipal taxes	199	225	13	4
	Municipal charges	13	19	46	0
	Subtotal	212	244	15	4
	School taxes	171	195	14	-2
	Total	383	439	15	1

<sup>1</sup>Includes seasonal dwellings. If those dwellings clearly identified as seasonal are excluded, average taxes in the rural south would be \$18 higher in 1974 and \$20 higher in 1975. The provincial average would be \$3 higher in both 1974 and 1975.

Among the five economic regions, central Ontario had the highest level of taxes in 1975. Average taxes in the other two regions of southern Ontario were about \$100, or over 20 percent, less than in the central region, while taxes in northern Ontario were almost \$200 below those in central Ontario. Over the 1970-74 period, the rate of increase in taxes was approximately the same among the economic regions, varying between an average annual increase of 2 percent in eastern Ontario, to a negligible annual increase in northwest Ontario. In 1975, average tax increases were 13 percent to 18 percent in

Average Gross Residential Property Taxes  
Per Household by Economic Regions

Table 7-8

		1974	1975	1975/74	Annual 1974/70
		\$	\$	%	%
<i>Northwest:</i>	Municipal taxes	131	169	29	1
	Municipal charges	10	12	20	-1
	Subtotal	141	181	28	1
	School taxes	92	109	18	-2
	Total	233	290	25	negl.
<i>Northeast:</i>	Municipal taxes	141	165	17	5
	Municipal charges	13	15	15	-2
	Subtotal	154	180	17	5
	School taxes	115	125	9	-3
	Total	269	305	13	1
<i>Eastern:</i>	Municipal taxes	166	200	21	5
	Municipal charges	24	28	17	0
	Subtotal	190	228	20	5
	School taxes	149	172	15	-2
	Total	339	400	18	2
<i>Central:</i>	Municipal taxes	223	249	12	5
	Municipal charges	12	18	50	1
	Subtotal	235	267	14	5
	School taxes	193	221	14	-2
	Total	428	488	14	1
<i>Southwest:</i>	Municipal taxes	178	196	10	2
	Municipal charges	12	19	58	0
	Subtotal	190	215	13	2
	School taxes	131	149	14	-3
	Total	321	364	13	$\frac{1}{2}$
<i>Province:<sup>1</sup></i>	Municipal taxes	199	225	13	4
	Municipal charges	13	19	46	0
	Subtotal	212	244	15	4
	School taxes	171	195	14	-2
	Total	383	439	15	1

<sup>1</sup>Includes seasonal dwellings. If those dwellings clearly identified as seasonal are excluded, the provincial average would be \$3 higher in both 1974 and 1975.

southern Ontario, 13 percent in northeast Ontario, and 25 percent in northwest Ontario (Table 7-8).

The increased use of special charges by municipalities in 1975 is apparent from both Table 7-7 and Table 7-8. Apart from Metro Toronto, which showed a decreasing use of these charges, all other parts of the province showed large percentage increases, even though the absolute amounts involved were still relatively small. The main increase in special charges was in regional municipalities where the yield from sewer surcharges on water bills, along with other charges, amounted to \$31 per household.

When gross property taxes are measured as a proportion of average household income, Metro and the regional governments showed property tax burdens significantly above the provincial average (Table 7-9). Tax burdens in rural parts of the province are considerably below average. In rural northern Ontario, which had the lowest average tax burden, the share of average household income taken by property taxes was less than half of the share taken in Metro Toronto. On a regional basis, northern Ontario and the southwest region had average property tax burdens below the provincial average.

Average Gross Residential Property Taxes and  
Incomes Per Household in 1975

Table 7-9

	Average Property Taxes	Average Household Income <sup>1</sup>	Property Taxes as percent of Income
	\$	\$	%
Metro Toronto	554	20,000	2.8
Regional Governments	488	18,700	2.6
Cities	406	17,600	2.3
Rural South	266	14,800	1.8
Rural North	208	15,500	1.3
Northwest	290	16,800	1.7
Northeast	305	16,700	1.8
Eastern	400	16,400	2.4
Central	488	18,800	2.6
Southwest	364	16,800	2.2
<i>Provincial Average</i>	439	18,000	2.4

<sup>1</sup> T.E.I.G.A. estimates based on Statistics Canada data.

# Long Term Borrowing, Debt and Other Commitments

## 1. Long Term Borrowing

Municipalities and school boards incur long term debt to finance a part of their capital expenditures. Since capital expenditures, by definition, provide benefits to ratepayers over a period of years, it is reasonable that they also be financed over a period of years. Long term borrowing permits this and ensures that the present generation of ratepayers does not pay the total cost of assets which will provide service to the next generation.

Total local government long term borrowing in 1975 amounted to \$423 million, \$109 million or 35 percent more than in 1974 (Table 8-1). Three-quarters of the amount borrowed were for municipal purposes.

Municipal long term borrowing reached \$334 million in 1975, a 52 percent increase over the 1974 level. By comparison, the average growth in municipal long term borrowing over the period 1970-74 was only 4 percent per year. The bulk of new borrowings in 1975 was for the construction of roadways and sewers, and for the acquisition of recreational facilities. School boards borrowed \$89 million in 1975, one-third less than the \$152 million borrowed in 1970, due to reductions in capital spending.

The amount of new municipal debt issued to the Province and its agencies increased by \$55 million in 1975. This was due to loans under the winter capital works program, and increased levels of borrowing for housing, sewer and water purposes.

Long Term Borrowing by Sources

Table 8-1

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
<i>Issued by municipalities to:</i>				
Ontario	29	84	190	3
Federal Government	24	27	13	36
Public	167	223	34	2
Subtotal	220	334	52	4
<i>Issued by school boards to:</i>				
Ontario	94	83	-12	-11
Public	—	6	—	—
Subtotal	94	89	-5	-11
<i>Total borrowed</i>	314	423	35	-2

New Long Term Borrowings as Share of  
Capital Expenditures,<sup>1</sup> 1970-1975

Table 8-2

	1970	1974	1975
	%	%	%
Municipalities	48	28	33
School Boards	51	52	43
Average	49	33	35

<sup>1</sup>Includes transfers to enterprises.



Long term borrowings amounted to 35 percent of local government capital outlays in 1975, marginally more than in 1974, but still significantly less than in 1970 (Table 8-2). Municipal borrowings as a percentage of capital outlays rose from 28 percent to 33 percent but school boards showed a decrease from 52 percent to 43 percent.

## 2. Long Term Debt Outstanding

At the end of 1975, total funded local government long term debt outstanding amounted to \$4.3 billion. This represented an increase of \$160 million, or 4 percent, over the comparable 1974 figure. In net terms, after subtracting sinking and retirement funds, debt outstanding at the end of 1975 was \$3.6 billion.

Total outstanding debt issued in the name of municipalities amounted to \$3.5 billion (Table 8-3). This represented an increase of 3 percent over 1974, the same rate of increase as the average of the preceding four years. Of the \$3.5 billion, over \$0.9 billion was for school purposes and, therefore, will be repaid by school boards rather than by municipalities. The outstanding debt issued by municipalities also includes a small amount for the administration of justice. The Province assumed responsibility for repaying this debt when it took over municipal responsibilities for justice in 1968. Gross municipal debt outstanding, excluding the amounts assumed by school boards and the Province, was \$2.6 billion at the end of 1975.

The amount accumulated in municipalities' own sinking funds at the end of 1975 was \$423 million, of which Metro Toronto's share was over \$400 million. The balance of Provincially controlled funds for retirement of debt to the Ontario Ministry of the Environment was \$33 million. After netting these amounts, the net funded debt outstanding for

Long Term Debt Issued and Outstanding at End of Year Table 8-3

	1974	1975	1975/74	Annual 1974/70
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Issued by municipalities <sup>1</sup>	3,386	3,480	3	3
Less: Assumed by school boards <sup>1</sup>	994	911		
Assumed by Ontario	9	9		
Gross debt	2,383	2,560	7	5
Less: Sinking funds	406	423		
MOE funds <sup>2</sup>	29	33		
Net debt	1,948	2,104	8	5
<i>School Boards</i>				
Issued by school boards <sup>1</sup>	724	790	9	15
Add: Assumed from municipalities <sup>1</sup>	994	911		
Gross debt	1,718	1,701	-1	-3
Less: Sinking funds	200	200		
Net debt	1,518	1,501	-1	2
<i>Total Debt Issued</i>	4,110	4,270	4	4
<i>Total Net Debt</i>	3,466	3,605	4	3

<sup>1</sup> Because of reporting inconsistencies, the breakdown of debt between that issued by municipalities on behalf of school boards, and that issued by school boards, is estimated.

<sup>2</sup> Funds for debt retirement held by the Ministry of the Environment.

municipal purposes, including municipal enterprises, came to just over \$2.1 billion. This represented an increase of 8 percent over the 1974 figure, or nearly twice the average annual rate of increase over the period 1970-74.

Total outstanding debt issued in the name of school boards amounted to \$790 million (Table 8-3). This amount included all debt issued by separate school boards, plus all debt issued by public and secondary school boards since 1969. Prior to that date, all public and secondary school purposes debt was issued by municipalities. Metro Toronto still issues debt for school purposes, but is the only municipality to still do so. Total gross debt of school boards, including the amounts issued by municipalities, was \$1,701 million at the end of 1975. Of this amount, \$200 million was provided for in sinking funds (almost entirely in Metro Toronto) so that net funded school debt outstanding was \$1,501 million. This represented a decrease of 1 percent from the comparable figure for the previous year.

A considerable amount of local government debt outstanding at the end of 1975 was held by the Province and other public agencies.<sup>1</sup> Debt outstanding for school purposes included \$1.2 billion owed to Provincial agencies, while approximately \$400 million of municipal debt was accounted for by loans from the Province under various programs. The amount of Ontario municipal debt held by the Federal Central Mortgage and Housing Corporation was over \$150 million. In addition about \$20 million of municipal debt was held by municipalities as investments.

In addition to their funded debt, municipalities and school boards frequently have unfunded debt, where capital expenditures have been incurred in advance of permanent financing. Total unfinanced capital expenditures at the end of 1975 (net of unexpended capital financing) amounted to \$346 million, of which \$326 million was for municipalities. Not all of this amount was to be debentured in 1976 since some could be financed from other sources.<sup>2</sup> However, the high level of unfinanced outlays, particularly on the municipal side, suggests that the bulk of this amount was to be debentured and, in some cases, would have been debentured in 1975 had not interest rates been so high in the latter part of the year. If it could be assumed that all 1975 unfinanced capital expenditure was to be debentured in 1975, then the total funded and unfunded debt of the local sector at the end of 1975 would be \$3,951 million, up \$257 million or 7 percent, from the end of 1974. Since no details are available for unfunded debt, the remainder of this chapter deals with funded debt only.

### 3. Net Long Term Debt by Function

Of the local government net long term debt outstanding at the end of 1975, about 60 percent was for municipal purposes, and the remaining 40 percent was for school purposes (Table 8-4). Approximately \$460 million of the municipal debt was to be recovered from user charges, while the remainder (\$1.6 billion) was to be recovered from general revenues. The bulk of municipal debt recoverable from general revenue was for "hard" services, sewers and roadways in particular. Among the so-called "soft" services, only recreation showed a high level of debt. Most of the debt shown under health was incurred for municipal contributions towards hospital construction.

Not all of the debt to be recovered from municipal general revenues is the responsibility of all ratepayers equally. Where local improvements, such as street lighting or sidewalks, have been made in a particular area, the repayment of debt incurred for the improvements

<sup>1</sup>See Appendix A for further details.

<sup>2</sup>For example, because the end of 1975 was not the end of elected local government officials' terms of office, capital expenditures undertaken in 1975 could legally be funded from current revenue in 1976.

# Net Long Term Debt Outstanding by Function

Table 8-4

	1975	Percent of Total
	\$ Million	%
<b>RECOVERABLE FROM GENERAL MUNICIPAL REVENUES</b>		
<i>General Government</i>	62	1.7
<i>Protection</i>		
Police	34	0.9
Fire	37	1.0
Other	9	0.3
Subtotal	80	2.2
<i>Transportation</i>		
Roadways	367	10.2
Transit	85	2.4
Subtotal	452	12.6
<i>Environment</i>		
Sewers	548	15.2
Waterworks	11	0.3
Solid Waste	46	1.3
Subtotal	605	16.8
<i>Health and Social Services</i>		
Health	62	1.7
Homes for the Aged	37	1.0
Subtotal	99	2.7
<i>Culture and Recreation</i>	246	6.8
<i>Planning and Development</i>		
Residential and Industrial Development	53	1.5
Tile Drainage	45	1.2
Subtotal	98	2.7
Total	1,642	45.5
<b>RECOVERABLE FROM USER CHARGES</b>		
Transit	64	1.8
Parking Authorities	13	0.4
Waterworks	269	7.5
Hydro Distribution	97	2.7
Other Enterprises	19	0.5
Total	462	12.9
TOTAL MUNICIPAL	2,104	58.4
SCHOOL BOARDS	1,501	41.6
GRAND TOTAL	3,605	100.0

is usually the responsibility of the property owners in the area. In addition, only those property owners who receive loans under the Provincial tile drainage and shoreline assistance programs are required to contribute to the repayment of these loans. The total amount of debt to be repaid by benefitting landowners at the end of 1975 amounted to \$217 million, or 10 percent of total municipal debt.

Over half of the debt serviced from user charges is for waterworks; in addition, some waterworks debt, as well as the bulk of transit debt, is serviced from general revenues of

municipalities. To the extent that some enterprises incur deficits which are financed from general municipal revenues, a part of the debt shown as repayable from user charges is indirectly supported by general revenues.

#### 4. Levels of Debt and Debt Charges

Traditionally, the main indicator used for measuring the level of local government debt has been the ratio of debt to the local government tax base, as measured by equalized assessment. However, this measure is inappropriate because no accurate up to date measure of local government tax base will be available until market value reassessment is introduced. For that reason, this analysis of debt levels relies on other indicators: the level of debt per household and the ratio of debt charges to total current expenditures. The analysis also distinguishes between debt supported by general revenues and other debt. Debt supported by general revenues includes municipal debt and that portion of school debt which is not supported by Provincial grants. Non-tax supported debt includes municipal enterprise debt and that portion of school debt supported by Provincial grants. On this basis, just over 60 percent of local government debt is tax supported.

Total net long term debt per household remained practically constant, at approximately \$1,250, between 1970 and 1975 (Table 8-5). Debt charges per household increased at about 2 percent per year during this period, reflecting higher interest costs on the same debt level (Table 8-6).

The share of current expenditures absorbed by debt charges declined steadily between 1970 and 1975, for both municipalities and school boards.<sup>1</sup> In the case of municipalities it

Level of Net Long Term Debt Outstanding Table 8-5

	1974	1975	1975/74	Annual 1974/70
<i>Actual (\$ Million)</i>			%	%
Tax Supported				
Municipalities	1,515	1,642	8	5
School Boards	638	615	-4	-2
Subtotal	2,153	2,257	5	3
Non-Tax Supported				
Municipal Enterprises	433	462	7	1
School Boards	880	886	1	6
Subtotal	1,313	1,348	3	3
Total	3,466	3,605	4	3
<i>Per Household (\$)</i>				
Tax Supported				
Municipalities	544	570	5	1
School Boards	229	214	-7	-6
Subtotal	773	784	1	-1
Non-Tax Supported				
Municipal Enterprises	156	160	3	-3
School Boards	316	308	-3	2
Subtotal	472	468	-1	0
Total	1,245	1,252	1	negl.

<sup>1</sup>General municipal debt charges, excluding municipal enterprise debt charges.

## Annual Debt Charges

Table 8-6

	1974	1975	1975/74	Annual 1974/70
			%	%
<i>Actual (\$ Million)</i>				
Tax Supported				
Municipalities	231	247	7	8
School Boards	84	85	1	-1
Subtotal	315	332	5	5
Non-Tax Supported				
Municipal Enterprises	64	68	6	3
School Boards	116	122	5	8
Subtotal	180	190	6	6
Total	495	522	5	5
<i>Per Household (\$)</i>				
Tax Supported				
Municipalities	83	86	4	4
School Boards	30	30	0	-4
Subtotal	113	116	3	1
Non-Tax Supported				
Municipal Enterprises	23	24	4	0
School Boards	42	42	0	4
Subtotal	65	66	2	2
Total	178	182	2	2

decreased from 13 percent to 9 percent, while for school boards the decrease was slightly more modest, from 11 percent to 8 percent (Table 8-7). The amount of average residential property taxes required to finance debt charges remained virtually constant, at approximately \$60 per household.

## Debt Charge Indicators, 1970-1975

Table 8-7

	1970	1974	1975
<i>Debt Charges as Percent of Current Expenditures</i>			
Municipalities	13	11	9
School Boards	11	9	8
Average	12	10	8
<i>Debt Charges Supported by an Average Household (\$)</i>			
Municipalities	40	45	46
School Boards	20	16	16
Total	60	61	62

## 5. Municipal Debt and Debt Charges by Types of Municipality and Economic Regions

The level of outstanding municipal debt per household in urban areas was roughly three times that in rural areas in 1975, primarily because the number of services provided in urban areas is very much higher than in rural areas. This particularly applies to sewer



and water services which account for about 40 percent of municipal debt. The level of debt, especially debt to be recovered from general revenues, was higher in Metro Toronto than elsewhere in the province (Table 8-8). Debt levels did not vary significantly among economic regions, although northwest Ontario had less debt per household than other parts of the province. The amount of debt to be recovered from user charges was lower in the southwest than in other regions. The proportion of municipal debt to be recovered from general revenues was 75-85 percent for all types of municipality and all economic regions.

Debt charges per household for general municipal purposes varied between types of municipality in the same way as debt levels (Table 8-9). In urban areas they were generally at least two and a half times the amounts in rural areas. Metro Toronto's level of debt charges per household was almost four times that of rural Ontario. The same pattern

Municipalities Net Long Term Debt Per Household  
by Types of Municipality and Economic Regions in 1975 Table 8-8

	To be Recovered from General Revenues	To be Recovered from User Charges	Total
	\$	\$	\$
Metro Toronto	779	197	976
Regional Governments	611	194	805
Cities	622	157	779
Rural South	227	72	299
Rural North	240	58	298
Central	599	168	767
Southwest	506	93	599
Eastern	560	199	759
Northeast	505	168	673
Northwest	424	124	548
<i>Provincial Average</i>	570	160	730

Debt Charges for General Municipal Purposes Per Household  
by Types of Municipality and Economic Regions in 1975 Table 8-9

	Total	Residential Share	Total as Percent of Current Expenditures
	\$	\$	%
Metro Toronto	129	61	12
Regional Governments	83	49	9
Cities	94	49	10
Rural South	34	23	5
Rural North	34	16	4
Central	94	50	10
Southwest	74	44	10
Eastern	70	41	8
Northeast	77	39	8
Northwest	64	26	6
<i>Provincial Average</i>	86	46	9

was apparent in the portion of debt charges recovered through property taxes on an average residence. The difference between urban and rural areas was not so pronounced in the relation of debt charges to expenditures. Nevertheless rural areas devoted less than half as much of their current expenditures to debt charges as did urban areas.

Among the economic regions the degree of variation in levels of debt charges was relatively small. Central Ontario had higher charges per household than other regions, while the northwest region had a significantly lower level of charges, both on a per household basis and in relation to current expenditure.

## 6. Non-Debt Long Term Commitments and Employee Benefits

In addition to normal business commitments for the supply of goods and services, or for leasing of premises and equipment, some municipalities have long term agreements with the Province for the provision of sewer and water services. Under these agreements, the Province builds, maintains and operates the facilities, and charges municipalities for services provided, usually on a gallorage basis. Charges are set to recover both the capital and operating costs of the facilities. However, where the average cost to a typical home-owner would exceed \$110 per annum for water or \$130 for sewer services, the Province provides a subsidy up to 75 percent of the capital costs, in order to keep average charges down to these levels.

At the end of March, 1976, the Province had invested \$391 million in sewer service plants and \$164 million in water facilities which operate under these agreements. Of this total investment of \$555 million, it is estimated that approximately 30 percent, or \$170 million, will not be recovered because of the annual subsidies provided to keep average water and sewer charges below the specified levels. The remaining \$385 million, along with annual operating costs, will be recovered in gallorage and other charges, for sewer and water services, over the next 30-40 years.<sup>1</sup>

Municipalities may also make commitments to support universities or the cost of constructing new hospitals. Total commitments of this sort amounted to about \$8 million at the end of 1975.

All local government employees, excluding teachers and those exceptions noted below, have their pensions provided through the Ontario Municipal Employees Retirement System (OMERS). This system was set up by the Province in 1965 and all local government employees, except teachers, who were hired after June 30, 1968, can only be pensioned through OMERS. The OMERS basic plan is fully funded and at the end of 1975 had a surplus of \$60 million. OMERS also offers supplementary plans to those municipalities which wish to provide additional coverage over and above the basic OMERS pensions. Such supplementary plans frequently involve commitments by municipalities to make certain annual payments to OMERS over and above normal employer contributions, for unfunded past service liabilities and experience deficiencies. At the end of 1975, the total of such commitments amounted to about \$80 million,<sup>2</sup> payable over periods of up to 15 years.

In addition to OMERS, certain municipalities in Metro Toronto, Ottawa and Hamilton maintain closed pension plans for employees hired before 1968. There are eight of these plans. Long term commitments of municipalities to payments to these plans for unfunded past service liabilities and experience deficiencies came to \$120 million at the end of 1975. This amount will be paid in annual installments for periods of up to 15 years.

<sup>1</sup>Source: Ministry of the Environment.

<sup>2</sup>Source: Ontario Municipal Employees Retirement Board.

All teachers' pensions are paid from the Teachers' Superannuation Fund administered by the Province. The Province makes all employer contributions to this fund. The Toronto Transit Commission has its own pension fund.

Municipalities and school boards also have commitments under sick pay credit plans in which employees may receive payments based on credits unused at time of retirement or resignation. Total liability under such plans at the end of 1975 was estimated at \$135 million for municipalities and \$120 million for school boards.<sup>1</sup> Actual cash payments made to employees under these plans in 1975, whether from current revenues, or from reserves established for this purpose, were estimated at \$9 million for municipalities and nearly the same amount for school boards.

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<sup>1</sup>Source: Ministry of Education.

# Year End Position

## 1. Revenue Fund

Even though municipalities and school boards are required to set their current budgets on a breakeven basis, surpluses and deficits inevitably arise because budgeting can never be completely accurate. For example, expenditures on snow removal cannot be accurately forecast, while supplementary taxes depend on the amount of construction undertaken during the year.

At the end of 1975, local government had an overall current surplus of \$172 million, or about 3.2 percent of current revenues (Table 9-1). The year end surplus of the local sector has risen consistently from the 1970 figure of \$82 million.

Revenue Fund Surplus at End of 1975

Table 9-1

	Municipalities	School Boards	Total
	\$ Million	\$ Million	\$ Million
Surplus at Beginning of Year	103	19	122
Add: Revenues	2,681	2,749	5,430
Less: Expenditures	<u>2,674</u>	<u>2,706</u>	<u>5,380</u>
Surplus at End of Year	110	62	172

Although the current expenditures of municipalities and school boards were approximately equal in 1975, the surplus of municipalities at the year end was almost double that of school boards. This reflects the fact that school boards, providing a single service to a known number of pupils and having a more limited range of revenue sources, are able to budget more accurately than municipalities. In addition, the municipal surplus reflects the balance of special levies as well as of the general levy. Of the 1975 surplus, \$85 million was for general levies, \$15 million was in respect of special purpose requisitions and \$6 million represented surpluses of local boards. The remaining \$4 million represented surpluses accumulated by lower tier municipalities on account of upper tier municipalities for which they levy taxes.

The consistent series of growing municipal surpluses since 1970 suggests that municipalities are, on average, conservative in their budgeting. For example, had municipalities accurately predicted their 1975 revenues and expenditures when striking their budgets, the average mill rate increase for municipal purposes would have been about 5 percent, as opposed to the actual average increase of 13 percent. The overall municipal surplus was equal to 8 percent of the municipal tax levy in 1975; down from 9 percent in 1974, but higher than the 6 percent figure of 1970.

The total school board surplus at the end of 1975 was \$62 million, up from \$19 million at the beginning of the year. This unusually high level of surplus was due to two factors. First, teachers' strikes during the year resulted in a net saving to school boards, after reductions in Provincial grants of \$18 million. Second, some school boards overestimated their requirements for the year because contract negotiations were not completed at the time budgets were finalized.



## 2. Capital Fund

Municipalities and school boards are not required to balance their capital funds from year to year. Very often financing of a capital project is not finalized until the project is completed and the total cost known. Moreover, when capital spending is financed through long term borrowing, the timing of the borrowing may depend on the state of capital markets and the availability of short term financing.

The local sector began 1975 with \$228 million in capital expenditures which had not been permanently financed (Table 9-2). By the year end, this figure had increased over 50 percent to \$346 million.<sup>1</sup> This continuing high level of unfinanced expenditures was due primarily to the high level of capital spending which took place during the year. In addition, the high interest rates which prevailed towards the end of 1975 led to the deferral of debenturing by some major municipalities. Another factor was advances from the Federal and Provincial governments: where sewer, winter works or other projects are financed by senior levels of government, debenturing is normally delayed until the project is fully completed and the total cost accurately determined.

Capital Fund Position at End of 1975

Table 9-2

	Municipalities	School Boards	Total
	\$ Million	\$ Million	\$ Million
Unfinanced Expenditures at Beginning of Year <sup>1</sup>	223	5	228
Less: Revenues	915	194	1,109
Add: Expenditures	1,018	209	1,227
Unfinanced Expenditures at End of Year <sup>1</sup>	326	20	346

<sup>1</sup>Net of unexpended capital financing.

## 3. Reserves and Reserve Funds

At the end of 1975, local governments had accumulated over \$500 million in reserves and reserve funds. This represented an increase of 23 percent over 1974. These funds represented 8.5 percent of total government revenues in 1975, the same percentage as the previous year, but up from 7 percent in 1970.

Municipalities account for about 80 percent of total local reserves and reserve funds. Municipal reserves—mainly for purposes such as working funds, contingencies and equipment replacement—grew 20 percent in 1975, 5 percentage points more than their growth pattern during the previous four years. Reserve funds—chiefly for specific capital projects, subdivider contributions and certain employee benefits—grew 34 percent in 1975, about three times their growth rate in previous years. This may have been due to delays in transferring funds from reserve funds to the capital fund for purposes of financing capital projects. Reserves and reserve funds amounted to about 13 percent of municipal revenues throughout the period 1970 to 1975.

School board reserves and reserve funds are much smaller than those of municipalities, because school boards have less need for them and their use is controlled by the Province. School board reserves are solely for working funds. They grew at a consistently high rate between 1970 and 1975, but amounted to only about a third of municipal reserves in 1975. School board reserve funds are almost invariably for capital purposes—they grew

<sup>1</sup>These figures are net—total unfinanced outlays less unexpended capital financing. Unexpended capital financing amounted to \$33 million at the end of 1975.



considerably during the period 1970 to 1974, but decreased almost 20 percent in 1975. School board reserves and reserve funds amounted to about 3 percent of revenues in 1974 and 1975, up from 2 percent in 1970.

Balance of Reserves and Reserve Funds at End of Year

Table 9-3

	1974	1975	1975/74	Annual 1974/70 <sup>1</sup>
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Reserves	148	177	20	15
Reserve Funds	175	235	34	11
Total	323	412	28	13
<i>School Boards</i>				
Reserves	48	61	27	28
Reserve Funds	36	29	-19	29
Total	84	90	11	28
<i>Total Local Sector</i>				
Reserves	196	238	21	17
Reserve Funds	211	264	25	13
Total	407	502	23	15

<sup>1</sup> 1970 data estimated in part.

## 4. Tax Collections and Arrears

The tax collection record of a municipality is widely regarded as an indicator of the municipality's financial position. It shows the municipality's ability to collect its taxes, and also whether a cash flow problem may exist. More importantly, it indicates the ability and willingness of ratepayers to meet their property tax obligations.

Property taxes billed in 1975 amounted to nearly \$2.4 billion, with \$18 million added to tax bills for penalties and interest on delinquent taxes (Table 9-4). Approximately 37 percent of total taxes was raised by interim levies made by municipalities before striking their mill rates. By statute, such levies may not be more than 50 percent of the total amount levied in the previous year. Taxes on buildings which were completed after mill rates were struck amounted to \$69 million or 3 percent of total taxes.

Total tax collections during the year amounted to \$2.3 billion, or 98.2 percent of the total amount billed. This includes \$3 million which was not required to be paid, because of discounts given for early payments, or under the municipal programs of tax forgiveness or deferral.

Property taxes removed from the tax roll amounted to \$30 million. This was mainly realty taxes written off because of demolition of buildings, and business taxes written off where premises became vacant. Municipalities may also write off taxes of indigents, and other taxes considered uncollectable. As a general rule, municipalities do not write off realty taxes because these can be secured, if necessary, through the sale of the property concerned when there are three or more years of arrears.

The amount uncollected at the end of 1975 was \$186 million, an increase of \$30 million or 19 percent over the comparable 1974 figure. Over 75 percent of the arrears was made up of unpaid taxes and penalties for 1975. Many rural municipalities levy their taxes very

	1975	Percent of Taxes Levied
	\$ Million	%
<i>Taxes Uncollected at the Beginning of Year</i>	156	6.6
<i>Additions to Tax Roll</i>		
Interim tax billings	861	36.6
Final tax billings	1,393	59.3
Supplementary taxes billed	69	2.9
Sewer charges collected on water bills	28	1.2
Total 1975 taxes	2,351	100.0
Penalties and interest added	18	0.8
Total	2,369	100.8
<i>Reductions</i>		
Collections: Current year taxes	2,203	93.7
Previous years' taxes	103	4.4
Discounts and reductions <sup>1</sup>	3	0.1
	2,309	98.2
Taxes written off <sup>2</sup>	30	1.3
Total	2,339	99.5
<i>Taxes Uncollected at the Year End</i>		
1975 taxes	142	6.0
1974 taxes	29	1.2
Prior years	15	0.7
Total	186	7.9

<sup>1</sup>Includes reductions under municipal programs for the elderly.

<sup>2</sup>Includes \$2 million pending municipal action against property holders to recover amounts owing.

late in the year and consequently the taxes unpaid for 1975 include amounts which may be as little as a month overdue. Conversely, taxes outstanding for over a year are those which municipalities may have some difficulty in collecting.

Municipalities' tax collections in 1975 were slightly below the level of 1974, but still above the level of 1970 (Table 9-5). Arrears of taxes at the end of 1975 amounted to 7.9 percent of total levies, the same level as in 1974, and half a percentage point lower than the 1970 level. Arrears in current year taxes were the same proportion of levy in 1970 and 1975; the 1974 figure was slightly lower. On a per household basis, total tax arrears were constant from 1970 to 1974, but increased \$9, or 16 percent, in 1975. This increase was due to the higher level of arrears in the current year's taxes.

## 5. Tax Collections and Arrears by Types of Municipality and Economic Regions

Tax collections varied significantly between different types of municipality in 1975. Overall levels of collection were fairly consistent, varying from 97.3 percent of levy in Metro Toronto to 99.1 percent in regional governments (Table 9-6). However, current collections were lower in rural municipalities than elsewhere in the province, while non-current collections were much higher. This reflects late tax due dates in many rural municipalities. Collection levels were similar in each of the economic regions.

## Tax Collections and Arrears

Table 9-5

	1970	1974	1975
<i>Collections as percent of Levy<sup>1</sup></i>			
Current year	93.7	94.0	93.8
Prior years	4.3	4.6	4.4
Total	98.0	98.6	98.2
<i>Arrears as percent of Levy</i>			
Current year	6.0	5.8	6.0
Prior years	2.4	2.1	1.9
Total	8.4	7.9	7.9
<i>Arrears per Household</i>			
Current year	\$ 40	\$ 41	\$ 50
Prior years	16	15	15
Total	\$ 56	\$ 56	\$ 65

<sup>1</sup>Collections include penalties and interest but not writeoffs. Figures for 1970 and 1974 are estimates.

## Tax Collections by Types of Municipality and Economic Regions in 1975

Table 9-6

	Current	Prior Years	Total
	%	%	%
Metro Toronto	93.6	3.7	97.3
Regional Governments	94.2	4.9	99.1
Cities	95.2	3.4	98.6
Rural South	91.0	7.5	98.5
Rural North	91.9	6.2	98.1
Northwest	94.3	3.6	97.9
Northeast	94.1	4.8	98.9
Eastern	93.1	4.2	97.3
Central	93.9	4.4	98.3
Southwest	94.6	4.2	98.8
Province	93.8	4.4	98.2

Notes: 1. Figures include penalties and interest and also discounts and tax reductions under municipal programs. However, tax writeoffs are not considered part of collections.

2. These percentages should be used with caution because of reporting inconsistencies.

The tax arrears data reveal the same basic pattern as the collections (Table 9-7). Arrears as a percentage of levy were highest in the rural areas, particularly prior years' arrears. However, due to lower tax levels, arrears per household in rural areas were below the provincial average. Cities outside regional governments had the lowest arrears, both on a per household basis and as a percentage of levy. On a per household basis, Metro Toronto had the highest arrears, but as a percentage of levy, Metro's arrears were lower than all categories except cities. Metro Toronto had a low ratio of current arrears to levy despite a relatively low level of current collections. This was because of a higher rate of tax writeoffs in Metro during 1975.<sup>1</sup>

<sup>1</sup>This was due in part to write off of taxes on condominium apartments, because of reduced assessments on these properties following an amendment to the Province's *Assessment Act*.

# Tax Arrears by Types of Municipality and Economic Regions in 1975

Table 9-7

	As Percent of Levy			Per Household		
	Current	Prior Years	Total	Current	Prior Years	Total
	%	%	%	\$	\$	\$
Metro Toronto	5.8	1.2	7.0	66	14	80
Regional Governments	6.0	2.0	8.0	50	16	66
Cities	4.0	1.8	5.8	31	14	45
Rural South	8.9	3.8	12.7	41	17	58
Rural North	7.9	3.9	11.8	38	19	57
Northwest	5.2	2.1	7.3	38	17	55
Northeast	5.8	2.3	8.1	35	15	50
Eastern	5.9	2.2	8.1	39	15	54
Central	6.1	1.8	7.9	57	15	72
Southwest	5.4	2.4	7.8	36	16	52
<i>Province</i>	6.0	1.9	7.9	50	15	65

Notes: 1. Arrears include penalties and interest added.

2. Breakdowns between current and prior years arrears are estimated because of reporting inconsistencies.

Tax arrears in 1975 were relatively uniform for all regions except the central region. Central Ontario had slightly higher than average ratio of current arrears to levy, and a lower than average ratio of prior years' arrears to levy. On a per household basis, current arrears and total arrears were significantly higher in the central region than elsewhere in the province.





### **III. ANALYSIS OF LOCAL GOVERNMENT FINANCE IN 1976**



# Municipal Revenue Fund Operations

## 1. Total Expenditures

Total municipal revenue fund expenditures rose \$273 million in 1976, to over \$2.9 billion. This represented a 10 percent increase, less than half the 21 percent increase of the previous year. This cutback in spending growth rates was due to the anti-inflation program, which curbed increases in payroll costs, and to the Provincial restraint program, which held the increase in revenue fund grants to municipalities to about 4 percent.

On a per household basis, municipal revenue fund spending grew 7 percent in 1976, or 1 percentage point less than the rate of inflation. This suggests that, on average, service levels in municipalities declined marginally in 1976. Of total revenue fund spending, direct operating expenses rose 11 percent, while financial items rose only 8 percent (Table 10-1). Debt charges rose 12 percent because of increased long term borrowing in both 1975 and 1976. Transfers to the capital fund declined \$2 million reflecting the fact that, in a period of restraint, reduced capital spending from current revenues may be easier to achieve than cutbacks in current operations.

Municipal Revenue Fund Spending by Object

Table 10-1

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Operating expenses<sup>1</sup></i>				
Wages and Salaries	—	1,393	—	—
Materials and Services	—	723	—	—
Transfers	—	251	—	—
Financial Expenses	—	57	—	—
Subtotal	2,190	2,424	11	22
<i>Financial items</i>				
Debt charges	247	277	12	7
Transfers to: Capital Fund	148	146	-1	24
Other Funds	89	100	12	39
Subtotal	484	523	8	17
Total	2,674	2,947	10	21

<sup>1</sup>1976 breakdown of operating expenses estimated in part, due to reporting inconsistencies. No data available for previous years.

## 2. Expenditures by Function

Spending increases varied considerably from function to function. Two areas—conservation and transit—experienced spending decreases in 1976, while in two other areas, growth in spending was faster than in 1975.

Transportation, protection, and health and social services remained the dominant functions in 1976 and accounted for nearly two-thirds of spending. However, spending growth rates in these areas were considerably lower than for all the other functions.

Transportation, the largest single function, had the slowest growth in expenditure: 5 percent, down from 18 percent the previous year. Road spending grew 8 percent, which reflected a decreasing amount of road maintenance actually carried out, since wage rates

## Municipal Revenue Fund Spending by Function

Table 10-2

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>General Government</i>	273	311	14	13
<i>Protection</i>				
Police	284	328	15	25
Fire	177	195	10	22
Conservation	50	42	-16	22
Other	34	38	12	17
Subtotal	545	603	11	23
<i>Transportation</i>				
Roads <sup>1</sup>	529	569	8	14
Transit	114	108	-5	39
Subtotal	643	677	5	18
<i>Environment</i>				
Sewers <sup>2</sup>	188	218	16	18
Solid Waste	89	100	12	13
Subtotal	277	318	15	16
<i>Health and Social Services</i>				
General Assistance	189	189	0	21
Elderly	150	164	9	28
Day Care	26	31	19	44
Children's Aid	87	95	9	24
Public Health	64	67	5	21
Other Health	28	38	36	27
Subtotal	544	584	7	25
<i>Culture and Recreation</i>				
Parks and Recreation <sup>3</sup>	241	281	17	31
Libraries	77	89	16	22
Subtotal	318	370	16	29
<i>Planning and Development</i>	74	84	14	42
Total	2,674	2,947	10	21

<sup>1</sup>Includes approximately \$3 million for air and water transportation in 1976.

<sup>2</sup>Includes \$15 million for municipal contributions to waterwork enterprises and \$9 million for pollution control in 1976.

<sup>3</sup>Includes grants to post secondary institutions for cultural purposes.

increased about 9 percent. Municipal contributions to transit authorities declined \$6 million, or 5 percent, because transit authority deficits fell as a result of fare increases. Both roads and transit expenditures are subject to high levels of grant; when growth in grants was limited by the Provincial restraint program, expenditure growth was cut below the rate of inflation.

Spending on protection, the second largest municipal function, grew 11 percent in 1976. The bulk of this increase was due to police and fire service expenditures, which grew 15 percent and 10 percent respectively. These increases reflect the high labour component of these services, and the effect of wage settlements negotiated before the AIB program came into effect. Expenditures on police grew faster than those on fire services because of an increase of about 4 percent in the numbers of policemen,<sup>1</sup> due largely to the intro-

<sup>1</sup>Source: Ontario Police Commission.

duction of two man patrol cars in several urban areas. The number of full time fire-fighters did not increase significantly in 1976.<sup>1</sup> Municipal councils only control police expenditures indirectly and therefore cannot restrain spending in this area as efficiently as they can for fire service expenditures, which are under their direct control.<sup>2</sup>

Among the other areas of protection spending, conservation authority expenditures were reduced 16 percent, mainly due to the completion of a major capital project in Guelph.<sup>3</sup> Municipal expenditures on both flood control and emergency measures declined, largely as a result of termination of Provincial and Federal programs in these areas. By-law enforcement spending increased 15 percent, partly reflecting wage settlements made prior to the start of the AIB program.

Health and social service spending grew 7 percent in 1976, compared to 25 percent in 1975. This reflects Provincial restraint as much as restraint at the local government level, since most programs in this area are highly grant supported and, in addition, certain local agencies are required to seek Provincial approval of their budgets. Spending on general assistance remained unchanged between 1975 and 1976. This was a result of changes made, by both the Province and municipalities, to eligibility criteria for welfare payments. As a result, caseloads declined about 10 percent.<sup>4</sup> Spending increases for the elderly, children's aid and public health were all moderate in 1976, especially in comparison to previous years. Municipal expenditures in these areas are mainly mandatory, and the low spending increases reflect modest increases in Provincial grants as well as control of the budgets of children's aid societies, health units and certain homes for the aged. There was virtually no growth in number of residents in homes for the aged in 1976; while the number of children in care of children's aid societies grew 1 percent.<sup>4</sup>

1976 spending on other health matters included \$17 million in support of hospitals, (no increase from 1975) and \$12 million for ambulance service, up from \$6 million in 1975, because of Metro Toronto's take over of this function from private operators. Spending on day care continued to grow at a high level in 1976, reflecting the coming into operation of nurseries built in preceding years. The number of children in municipally operated or subsidized nurseries grew 15 percent in 1976.<sup>4</sup>

Recreation and culture spending increased 16 percent in 1976, faster than any other major function. The growth rate of parks and recreation spending was almost half that of 1975, while the growth in library spending was 6 percentage points less than in the previous year. The growth rate of general government spending increased slightly, reflecting in part expenses for 1976 municipal elections. The growth in expenditures on environmental matters was consistent with previous years. Sewer expenditures continued to increase at a higher than average rate of 16 percent as service was expanded in growth areas and other areas which previously did not receive service.

Planning and development expenditures continued to grow at a relatively high rate in 1976. Planning costs increased 13 percent to \$39 million while commercial and industrial development expenditure grew 20 percent to \$16 million. Residential development, including public housing costs borne by municipalities, increased to \$17 million or 8 percent. Agricultural development, including tile drainage, increased 30 percent to \$12 million.

The differing increases for the various functions did not alter the composition of municipal spending in 1976 to any significant extent (Table 10-3). The proportion accounted for by environment increased to 11 percent from 10 percent while transportation continued its decline, from 24 percent to 23 percent.

<sup>1</sup>Source: Ministry of Solicitor General.

<sup>2</sup>Municipal police forces report to Police Commissions on which municipal councils are represented.

<sup>3</sup>Source: Ministry of Natural Resources.

<sup>4</sup>Source: Ministry of Community and Social Services.



Composition of Municipal Revenue Fund Spending

Table 10-3

	1970	1975	1976
	%	%	%
General Government	11	11	11
Protection	18	20	20
Transportation	27	24	23
Environment	11	10	11
Health and Social	21	20	20
Culture and Recreation	10	12	12
Planning and Development	2	3	3
Total	100	100	100

### 3. Expenditure Levels by Types of Municipality

Current municipal spending per household averaged almost \$1,000 in 1976, an increase of 7 percent over 1975. Spending increases per household were close to the provincial average in urban areas, but rural southern Ontario had a lower than average increase, while the rural parts of northern Ontario had a slightly higher than average increase (Table 10-4). The relatively slow growth in per household spending in the rural south was due to two factors: a cutback in conservation expenditure and minimal growth in roads expenditures. These functions represent a larger proportion of total spending in the rural south than elsewhere in the province. The relatively high growth in per household spending in rural northern Ontario was attributable to major increases in general government expenditures, combined with continuing high growth rates for environmental and recreation services.

Spending per household in urban areas was about 50 percent higher than in rural areas in 1976, about the same difference as the previous year. Among urban municipalities, spending per household grew fastest in cities, and slowest in regional governments. As a result, spending patterns in cities moved closer to those of regional governments. Levels of spending in Metro Toronto moved higher relative to those of regional governments. This was due to continuing high spending growth rates in areas where Metro spending was already significantly above that of other urban areas: protection, health and social services, and recreation.

Rural northern Ontario continued to increase its spending levels relative to the rural south. In the three major functions, protection, transportation and health and social services, spending increases per household were significantly higher than in the rural south. General government spending in the rural north increased 22 percent per household to a level above that of Metro Toronto and the cities, and almost equal to the regional governments. In environment and recreation, spending increases in the rural south outstripped those of the rural north, but spending levels nevertheless remained at around half those of the rural north. Planning and development expenditures in the rural south grew faster than elsewhere in the province due to outlays for development of agriculture.

The object breakdown of expenditures shows spending performance in a slightly different light. The 1976 pattern of debt charges and transfers to other funds was basically the same as in 1975. Comparing Table 10-4 with Table 4-4 indicates that only Metro Toronto and rural southern Ontario made any significant increases in transfers to capital and other funds in 1976. However, operating expenses per household for rural southern Ontario grew less than 5 percent in 1976. This suggests that rural municipalities were

**Municipal Revenue Fund Spending Per Household  
by Types of Municipality in 1976**

Table 10-4

**(i) By Function**

	METRO			REGIONAL GOVERNMENT			CITIES		
	1976 Level	76/75	75/74	1976 Level	76/75	75/74	1976 Level	76/75	75/74
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	108	15	16	123	13	5	92	7	18
Protection	292	11	22	207	8	18	239	11	13
Transportation	222	0	7	242	4	20	192	6	19
Environment	123	10	13	119	11	11	126	11	19
Health and Social	245	10	24	186	2	26	194	6	30
Cult. and Recreation	161	13	19	130	10	22	129	11	30
Planning and Dev.	24	-4	66	33	10	50	26	30	18
Total	1,175	8	17	1,040	7	18	998	9	20

	RURAL SOUTH			RURAL NORTH <sup>1</sup>			PROVINCE		
	1976 Level	76/75	75/74	1976 Level	76/75	75/74	1976 Level	76/75	75/74
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	84	13	10	122	22	2	107	13	10
Protection	70	-9	28	88	11	21	203	7	18
Transportation	241	0	9	234	3	18	228	2	14
Environment	50	16	10	104	13	21	107	11	13
Health and Social	149	3	9	194	8	24	195	4	22
Cult. and Recreation	64	31	22	117	18	21	125	14	20
Planning and Dev.	30	30	10	26	-13	31	29	12	44
Total	688	6	12	885	10	20	994	7	17

**(ii) By Object**

	METRO	REGIONAL GOVERNMENT	CITIES	RURAL SOUTH	RURAL <sup>1</sup> NORTH	PROVINCE
	\$	\$	\$	\$	\$	\$
<i>Operating expenses<sup>2</sup></i>						
Wages and Salaries	617	483	504	262	367	472
Materials and Services	203	253	260	261	290	244
Transfers	145	90	55	27	46	86
Financial Expenses	14	23	8	12	11	16
Subtotal	979	849	827	562	714	818
<i>Financial items</i>						
Debt Charges	135	94	104	38	38	93
Transfers to: Capital fund	36	50	39	66	87	49
Other funds	25	47	28	22	46	34
Subtotal	196	191	171	126	171	176
Total	1,175	1,040	998	688	885	994

<sup>1</sup>Northern Ontario figures adjusted to remove expenditures for unorganized areas by district boards.

<sup>2</sup>1976 breakdown of operating expenses estimated in part, due to reporting inconsistencies.

prepared to forego current expenditure increases on roads and other services in order to finance capital spending.

The object breakdown sheds some light on the comparative performance of urban municipalities. While total regional government spending was \$42 per household higher

than in cities in 1976, the difference in direct operating expenses, excluding financial items and expenses was only \$7 per household. Metro spending outstrips that of other urban areas because its payroll costs are \$100 per household higher than elsewhere, while its transfers are over \$50 per household higher. Part of the higher payroll costs would appear to be due to more use than other municipalities of internal resources as opposed to purchased services.<sup>1</sup> The high transfers reflect contributions to the deficits of enterprises, particularly transit, and payments to individuals and organizations in the health, social and cultural areas.

The composition of revenue fund spending by types of municipality shows very little change from 1975 (Table 10-5). The relatively slow growth in transportation spending in rural areas, combined with relatively fast growth in environmental and recreation spending, made the composition of spending in rural areas somewhat more similar to that in urban areas.

Composition of Municipal Revenue Fund Spending  
by Types of Municipality

Table 10-5

(i) By Function

	Metro		Regional Gov'ts		Cities		Rural South		Rural North		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	%	%	%	%	%	%	%	%	%	%	%	%
General Government	9	9	11	12	9	9	11	12	12	14	11	11
Protection	24	25	20	20	24	24	12	10	10	10	20	20
Transportation	21	19	24	23	20	19	37	35	28	26	24	23
Environment	10	10	11	11	12	13	7	8	12	12	10	11
Health and Social	21	21	19	18	20	19	22	22	22	22	20	20
Culture and Recreation	13	14	12	13	13	13	8	9	12	13	12	12
Planning and Development	2	2	3	3	2	3	3	4	4	3	3	3
Total	100	100	100	100	100	100	100	100	100	100	100	100

(ii) By Object

	Metro	Regional Gov'ts	Cities	Rural South	Rural North	Province
	%	%	%	%	%	%
<i>Operating expenses</i>						
Wages and Salaries	53	46	50	38	42	47
Materials and Services	17	25	26	38	33	24
Transfers	12	9	6	4	5	9
Financial Expenses	1	2	1	2	1	2
Subtotal	83	82	83	82	81	82
<i>Financial items</i>						
Debt Charges	12	9	10	5	4	9
Transfers to: Capital Fund	3	5	4	10	10	5
Other Funds	2	4	3	3	5	4
Subtotal	17	18	17	18	19	18
Total	100	100	100	100	100	\$00

The composition of spending by object shows a fairly clear distinction between rural and urban municipalities. Urban municipalities have a relatively high proportion of the expenditures concentrated in wages and salaries, debt charges and transfer payments. Conversely, rural municipalities have relatively greater expenditures on transfers to own

<sup>1</sup> It is extremely difficult to get consistent employment data for municipalities because of organizational differences. However, the figures from financial reports suggest a significant difference between Metro and other urban areas; see Appendix D.

funds and payments for materials and services. This reflects two basic differences between the operations of urban and rural municipalities. Firstly, rural municipalities finance a significant proportion of their capital projects from current revenues and other non-debt sources; they therefore have relatively high interfund transfers and relatively low debt charges. Secondly, rural municipalities use outside consultants and contractors to a greater extent than their urban counterparts. Consequently, their service and material costs are higher, but their payroll costs are lower.

#### 4. Expenditure Levels by Economic Regions

The pattern of expenditures per household by economic regions in 1976 was essentially the same as the previous year (Table 10-6). Spending levels in northern Ontario were about 10 percent above the provincial average, those in southwest Ontario were 12 percent below the average, and those in central and eastern Ontario were marginally above and below the average respectively. Total spending per household grew a uniform 8 percent in all regions except the northwest, where it increased 12 percent. Spending per household in the northwest region was \$1,147 per household, 15 percent above the provincial average and only \$28 per household less than in Metro Toronto.

Spending per household in northwest Ontario grew faster than the provincial average for all functions. 1976 spending levels in this region were higher than average for all functions except protection; in recreation, and health and social service, they exceeded the average by \$65 and \$40 per household respectively. The major reason for high spending levels in the northwest was contributions from the revenue fund for capital expenditures. Transfers to other funds were \$201 per household, up 12 percent from 1975, and about \$120 per household higher than other regions. Payroll expenses were significantly higher in the northwest than elsewhere, despite average salaries in the region being lower than in central Ontario.<sup>1</sup> Debt charges, financial expenses and transfers were all low relative to the rest of the province. The continued expansion of spending in the northwest region, particularly the contribution to capital spending, reflect in part spending stimulated under the Provincial Regional Priorities program.

Patterns of spending by function and object were relatively uniform in the four regions apart from the northwest. Both debt charges and wages and salaries per household were higher in central Ontario than in the other regions, due to the effect of Metro Toronto on this area. A high level of financial expenses in Ottawa-Carleton showed up in a higher than average figure for the eastern region (Table 10-7).

#### 5. Total Revenues

Municipal current revenues increased nearly \$300 million in 1976, to a total of \$3 billion (Table 10-8). This represented a growth rate of 11 percent, half the rate of the previous year, but still 1 percentage point higher than the growth in municipal current spending.

The main change in revenue growth compared to the previous year was in Provincial grants. Current grants to municipalities, both conditional and unconditional, grew 4 percent in 1976 compared to 25 percent in 1975. Total current purposes grants amounted to just over \$1 billion, of which more than a third was unconditional.

Municipal property taxes increased 12 percent in 1976, substantially less than the 19 percent increase in the previous year, but enough to both finance the expenditure growth in 1976 and generate a surplus for the year. The tax increase represented an average

<sup>1</sup>The employment figures in Appendix D indicate a significantly higher level of staffing in the northwest than elsewhere in the Province.



Municipal Revenue Fund Spending Per Household  
by Economic Regions in 1976

Table 10-6

(i) By Function

	NORTHWEST			NORTHEAST			EASTERN		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	116	20	20	125	23	16	117	10	21
Protection	196	13	15	164	6	16	158	5	17
Transportation	248	3	22	250	3	19	272	3	28
Environment	121	13	27	135	5	27	85	15	4
Health and Social	235	7	27	214	7	33	196	9	7
Cult. and Recreation	190	23	30	125	14	14	111	16	31
Planning and Dev.	41	17	52	27	8	47	32	23	30
Total	1,147	12	24	1,040	8	22	971	8	19

	CENTRAL			SOUTHWEST			PROVINCE		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Gen. Government	106	14	5	92	6	20	107	13	10
Protection	229	9	19	162	9	18	203	7	18
Transportation	217	2	9	223	2	14	228	2	14
Environment	111	11	11	99	12	17	107	11	13
Health and Social	197	5	24	169	6	24	195	4	22
Cult. and Recreation	133	12	20	95	14	22	125	14	20
Planning and Dev.	27	8	47	32	28	25	29	12	44
Total	1,020	8	16	872	8	18	994	7	17

(ii) By Object

	NORTH- WEST	NORTH- EAST	EASTERN	CENTRAL	SOUTH- WEST	PROVINCE
	\$	\$	\$	\$	\$	\$
<i>Operating expenses</i>						
Wages and Salaries	539	479	424	502	387	472
Materials and Services	269	291	242	231	279	244
Transfers	59	79	97	97	35	86
Financial Expenses	13	11	30	14	10	16
Subtotal	880	860	793	844	711	818
<i>Financial items</i>						
Debt Charges	66	88	87	98	88	93
Transfers to: Capital Fund	122	46	53	46	51	49
Other Funds	79	46	38	32	22	34
Subtotal	267	180	178	176	161	176
Total	1,147	1,040	971	1,020	872	994

See notes to Table 10-4.

increase of 8 percent in mill rates for municipal purposes, together with a 4 percent growth in the property tax base. Special charges increased 21 percent as more regional municipalities moved to surcharges on water bills as a way to finance sewer service.

Other revenues continued to be the strongest revenue source of growth, increasing 24 percent in total, down from 32 percent the previous year. Total fees and service charges



# Composition of Municipal Revenue Fund Spending by Economic Regions

Table 10-7

(i) By Function												
	North-west		North-east		Eastern		Central		South-west		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	%	%	%	%	%	%	%	%	%	%	%	%
General Government	10	10	11	12	12	12	10	10	11	11	11	11
Protection	17	17	16	16	17	16	22	23	18	19	20	20
Transportation	24	22	25	24	29	28	22	21	27	25	24	23
Environment	10	11	13	13	8	9	11	11	11	11	10	11
Health and Social	21	20	21	21	20	20	20	19	20	19	20	20
Culture and Recreation	15	17	11	12	11	12	13	13	10	11	12	12
Planning and Development	3	3	3	2	3	3	2	3	3	4	3	3
Total	100	100	100	100	100	100	100	100	100	100	100	100

(ii) By Object												
	North-west		North-east		Eastern		Central		South-west		Province	
	%	%	%	%	%	%	%	%	%	%	%	%
Operating expenses												
Wages and Salaries	47		46		44		49		45		47	
Materials and Services	24		28		25		23		32		24	
Transfers	5		8		10		10		4		9	
Financial Expenses	1		1		3		1		1		2	
Subtotal	77		83		82		83		82		82	
Financial items												
Debt Charges	6		9		9		10		10		9	
Transfers to: Capital Fund	10		4		5		4		6		5	
Other Funds	7		4		4		3		2		4	
Subtotal	23		17		18		17		18		18	
Total	100		100		100		100		100		100	

# Municipal Revenue Fund Revenues

Table 10-8

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
Taxation				
Property Taxes	1,250	1,395	12	18
Municipal Charges	61	74	21	49
Subtotal	1,311	1,469	12	19
Payments in Lieu of Taxes				
Ontario	51	58	14	38
Other	58	70	21	16
Subtotal	109	128	17	25
Ontario Grants				
Unconditional	347	362	4	25
Conditional	618	642	4	25
Subtotal	965	1,004	4	25
Other Revenues	296	367	24	32
Total	2,681	2,968	11	23

increased 20 percent to \$125 million, of which \$44 million was accounted for by fees for recreation facilities. The fastest growing revenue item was income from investments, which jumped from \$25 million to \$41 million, or over 60 percent.<sup>1</sup> Among other revenue items, licences accounted for \$28 million, while rents and fines added \$24 million and \$12 million respectively. Subdivider contributions to current revenues amounted to \$6 million.<sup>2</sup>

Payments in lieu of taxes grew 17 percent in 1976, down from 25 percent the previous year. Ontario payments in lieu grew less fast than those paid on Federal and municipal enterprise properties. This was because Ontario payments are generally based on municipal mill rates, which increased less fast than the total mill rates on which other payments in lieu are based.

As a result of the relatively low growth in Provincial grants, the proportion of current revenues provided by grants fell from 36 percent to 34 percent (Table 10-9). Property taxes and other revenues each increased their share of total revenue by 1 percentage point. Property taxes accounted for exactly half of municipal current revenues in 1976—a higher proportion than in the immediately preceding years, but still well down from the 59 percent level of 1970. The share of current revenue provided by sources other than grants and taxes continued to rise in 1976.

Composition of Municipal Revenue  
Fund Revenue by Sources

Table 10-9

	1970	1975	1976
	%	%	%
Taxation	59	49	50
Payments in Lieu of Taxes	4	4	4
Ontario Grants	28	36	34
Other Revenues	9	11	12
Total	100	100	100

## 6. Revenue Levels by Types of Municipality

In 1976, the only area in which there was a significant difference between revenue and expenditure levels was Metro Toronto, where revenue levels exceeded expenditures by over \$20 per household. This was mainly due to a \$29 million surplus at the upper tier.

Taxation per household rose faster in Metro Toronto than elsewhere in the province. This was due primarily to a higher than average mill rate increase. Metro's taxes per household in 1976 were about \$160 above other urban municipalities, and almost \$400 above rural municipalities. The slightly higher mill rate increases in urban areas increased the differential between the fiscal capacities of the urban and rural parts of the province (Table 10-10).

The growth of grants per household varied considerably between different types of municipality. Grants per household to rural southern Ontario declined 2 percent, due to lower levels of conditional grants for roads, conservation and other purposes. Grants to regional governments remained at the same level as the previous year because of a decrease in transitional grants which are designed to phase out completely five years after restructurings take place. In other areas grant levels per household rose modestly: the

<sup>1</sup>Investment income credited directly to reserve funds, and not to the revenue fund, amounted to \$22 million in 1976, up from \$13 million the previous year.

<sup>2</sup>In addition \$80 million was paid directly into reserve funds.

**Municipal Revenue Fund Revenues Per Household  
by Types of Municipality in 1976**

**Table 10-10**

	METRO			REGIONAL GOVERNMENTS			CITIES		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Taxation	675	13	12	511	8	18	502	9	15
Ontario Grants	331	4	25	346	0	20	342	6	18
Other Revenues	190	19	20	190	19	20	146	22	38
Total Revenue	1,196	11	16	1,047	6	19	990	9	19
Total Expenditure	1,175	8	17	1,040	7	18	998	9	20

	RURAL SOUTH			RURAL NORTH <sup>1</sup>			PROVINCE		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Taxation	258	7	14	303	7	17	496	9	15
Ontario Grants	311	-2	13	434	8	22	339	2	20
Other Revenues	122	26	17	147	7	39	169	20	24
Total Revenue	691	5	14	884	8	23	1,004	8	18
Total Expenditure	688	6	12	885	10	20	994	7	17

<sup>1</sup> Adjusted to remove revenues for services in unorganized areas.

increase in grants to rural northern Ontario was mainly due to the enrichment of the special northern Ontario grant. The increases in Metro Toronto and the cities were attributable to increased conditional grants.

Other revenues per household grew at a uniformly high rate in all types of municipality except in the rural north. The growth was relatively modest in this area, after a 39 percent increase in the previous year.

The composition of municipal current revenues changed in 1976 for all types of municipality except in rural northern Ontario. Grants as a percentage of total revenue dropped 1 percentage point in Metro Toronto, 2 percentage points in cities and 3 percentage points

**Composition of Municipal Revenue Fund Revenues  
by Types of Municipality**

**Table 10-11**

	Metro		Regional Gov'ts		Cities		Rural South		Rural North		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	%	%	%	%	%	%	%	%	%	%	%	%
Taxation	56	56	48	49	51	51	37	37	34	34	49	49
Ontario Grants	29	28	36	33	36	34	48	45	49	49	36	34
Other Revenues	15	16	16	18	13	15	15	18	17	17	15	17
Total	100	100	100	100	100	100	100	100	100	100	100	100

Residential Share of Taxation (%)	47	46	59	58	52	52	68	68	48	48	54	54
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in regional governments and in rural southern Ontario. The proportion of revenues contributed by property taxes remained basically unchanged, while the share of other revenue increased. The result was increased similarity in the composition of revenues in urban areas, but less similarity in the composition of revenues in the rural categories.

## 7. Revenue Levels by Economic Regions

The only region in which there was a significant difference between 1976 revenue and expenditure levels was the northwest. In this area, revenues were \$18 per household higher than expenditures, showing a slightly lower level of in-year surplus than in the previous year.

The different rates of growth for taxation per household in 1976 were due to different rates of increase in municipal mill rates. The relatively low increases in the north, particularly in the northwest, brought down levels of taxation per household relative to the southern part of the province. The main reason for this was the relatively high increases in grants to the northern regions in 1976. Unconditional levy based grants increased substantially in the northwest region due to the exceptional increase in taxation the previous year, and in the northeast due to the extension of special northern grants to the District of Parry Sound.<sup>1</sup> As a result, 1976 grant levels in northern Ontario were about \$180 per household above those in the south, up from \$140 the previous year. Other revenues grew at a consistently high rate in all regions except northeast Ontario.

The composition of revenues changed slightly in all regions in 1976. In the southern regions, the proportion of revenue contributed by grants fell 2 or 3 percentage points.

Municipal Revenue Fund Revenues Per Household  
by Economic Regions in 1976

Table 10-12

	NORTHWEST*			NORTHEAST*			EASTERN		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Taxation	482	3	30	389	8	19	411	9	18
Ontario Grants	486	10	31	503	7	20	359	3	21
Other Revenues	197	35	36	148	7	61	210	21	20
Total Revenue	1,165	10	31	1,040	8	24	980	9	20
Total Expenditure	1,147	12	24	1,040	8	22	971	8	19

	CENTRAL			SOUTHWEST			PROVINCE		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Taxation	545	10	13	424	10	15	496	9	15
Ontario Grants	317	1	20	308	2	17	339	2	20
Other Revenues	168	20	19	137	22	36	169	20	24
Total Revenue	1,030	8	16	869	9	18	1,004	8	18
Total Expenditure	1,020	8	16	872	8	18	994	7	17

\*Adjusted to remove revenues for services in unorganized areas.

<sup>1</sup> Municipalities in the District of Parry Sound received special grants equal to  $7\frac{1}{2}$  percent of the previous year's levy, compared to 15 percent for other northern municipalities.



In the northeast, the grant share of revenue fell 1 percentage point; there was no change in the northwest. The share of revenue from taxation increased slightly in the central, southwest and northeast regions, but fell 3 percentage points in the northwest. Other revenues became a more important source of revenue in all regions except the northeast. The overall result was an accentuation of the difference in the composition of revenues between the northern and southern parts of the province.

Composition of Municipal Revenue Fund Revenues  
by Economic Regions in 1975 and 1976

Table 10-13

	Northwest		Northeast		Eastern		Central		Southwest		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	%	%	%	%	%	%	%	%	%	%	%	%
Taxation	44	41	37	38	42	42	52	53	48	49	49	49
Ontario Grants	42	42	49	48	39	37	33	31	38	35	36	34
Other Revenues	14	17	14	14	19	21	15	16	14	16	15	17
Total	100	100	100	100	100	100	100	100	100	100	100	100
Residential Share of Taxation (%)	41	41	50	50	59	59	53	52	59	59	54	54

## 8. Grant Levels by Types of Municipality and Economic Regions

Unconditional grants per household increased slightly in 1976 for all types of municipalities except regional governments, where the phasing down of transitional assistance resulted in a net reduction in unconditional grants of \$3 per household (Table 10-14). The only unconditional grants to increase in per household terms were the grants based on the previous year's tax levy. Conditional grant levels rose slightly in Metro Toronto, cities and the rural north. The increases in Metro were the result of above average growth in health and social expenditures, while the increases in cities and the rural north related to above average expenditure growth for both transportation and health and social services.

Ontario Revenue Fund Grants Per Household  
by Types of Municipality in 1975 and 1976

Table 10-14

	Metro		Regional Gov'ts		Cities		Rural South		Rural North		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Unconditional</i>												
Per Capita	25	25	31	31	22	22	16	16	16	16	24	24
Police	34	34	31	31	22	21	5	5	8	8	24	24
Levy Based	41	45	62	64	109	117	51	56	158	176	66	71
Special	—	—	13	8	—	—	5	1	4	4	6	4
Subtotal	100	104	137	134	153	160	77	78	186	204	120	123
<i>Conditional</i>												
Transportation	63	63	71	71	43	46	122	119	90	95	75	75
Health & Social	138	149	115	114	113	118	87	88	103	114	116	120
Other	16	15	25	27	14	18	32	26	21	21	22	21
Subtotal	217	227	211	212	170	182	241	233	214	230	213	216
Total	317	331	348	346	323	342	318	311	400	434	333	339



Relative levels of grant between types of municipality did not change materially in 1976. Rural northern Ontario, with the highest level of unconditional grants, moved slightly further ahead of the average level, while rural southern Ontario, with the lowest level of unconditional grants, fell slightly further behind the average. Conversely, the range in conditional grants per household narrowed, with grant levels in rural southern Ontario falling and those in cities increasing slightly more than average.

Unconditional grants per household in northern Ontario moved to \$150 more than those in southern Ontario in 1976 (Table 10-15). This was entirely due to increases in the levy based grants. Phasing out of transitional grants led to decreases in special assistance payments to the northeast, eastern and central regions. Conditional grant levels remained relatively uniform between regions, with the largest increases being in social and health grants to the eastern and northeast regions. Total grants increased more than \$30 per household in northern Ontario, \$10 per household in eastern Ontario and only \$3 and \$5 per household in the central and southwest regions respectively. The differences in grant levels between regions that existed in 1975 therefore became greater in 1976.

Ontario Revenue Fund Grants Per Household  
by Economic Regions in 1975 and 1976

Table 10-15

	Northwest		Northeast		Eastern		Central		Southwest		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Unconditional</i>												
Per Capita	20	20	24	24	23	23	28	27	20	20	24	24
Police	17	17	22	21	12	12	29	30	15	15	24	24
Levy Based	203	240	189	204	71	79	47	49	63	66	66	71
Special	2	2	17	11	6	1	6	4	1	1	6	4
Subtotal	242	279	252	260	112	115	110	110	99	102	120	123
<i>Conditional</i>												
Transportation	62	64	81	86	104	100	65	66	85	84	75	75
Health & Social	124	122	114	133	111	122	116	120	97	100	116	120
Other	15	21	22	24	22	22	23	21	22	22	22	21
Subtotal	201	207	217	243	237	244	204	207	204	206	213	216
Total	443	486	469	503	349	359	314	317	303	308	333	339

# Municipal Capital Fund Operations

## 1. Total Expenditures

After a 31 percent increase in 1975, municipal capital spending grew only marginally in 1976. The total increase was only \$16 million, for a total of \$1,034 million (Table 11-1). This was mainly due to the Provincial restraint program, which impacted on capital spending in three ways. First, the relatively low growth in Provincial transfers for capital purposes limited increases in grant supported capital spending. Second, some municipalities restrained revenue fund spending by cutting back their contributions to capital projects from current revenues. Third, as part of its restraint plan, the Province requested the Ontario Municipal Board to ensure that no borrowing approvals were given to non-essential capital projects. As a result, the bulk of municipal capital expenditures in 1976 was for projects approved or commenced before the beginning of the year.

Municipal Capital Fund Spending by Function			Table 11-1	
	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
General Government	38	42	11	31
Protection	39	39	0	26
Transportation	409	400	-2	36
Environment	250	234	-6	44
Health and Social	23	28	22	5
Culture and Recreation	141	125	-11	8
Planning and Development	68	74	9	79
Transfers to Enterprises	50	92	84	-2
Total	1,018	1,034	2	31

Capital spending decreased in all the major expenditure functions—transportation, environment, and recreation. The cut back was greatest in recreation. There was a decrease of about 8 percent in road construction, but this was offset by a 16 percent increase in capital spending for transit purposes, mainly due to the Spadina subway project in Toronto. Sewer construction increased slightly, while capital expenditure on other environmental services declined. The only areas with significant spending increases were social services and transfers to enterprises. The increase in social services spending was predominantly due to a \$4 million (53 percent) jump in capital spending on homes for the aged. There was also a small increase in spending on day care facilities. The growth in transfers to enterprises was largely due to a \$37 million transfer for water-works purposes in Metro Toronto, while the increase in planning and development outlays was partly due to increased transfers for tile drainage purposes.

The differences in spending growth rates in 1976 caused some shifts in the composition of total capital expenditures (Table 11-2). The major changes were an increase in the share of transfers to enterprises from 5 percent to 9 percent, and decrease in the share of recreation. Transportation and environment also had small decreases. However, transportation, environment and recreation still accounted for almost three-quarters of all capital spending.

Composition of Municipal Capital Fund Spending

Table 11-2

	1970	1975	1976
	%	%	%
General Government	4	4	4
Protection	3	4	4
Transportation	44	40	39
Environment	20	24	22
Health and Social	4	2	3
Culture and Recreation	8	14	12
Planning and Development	8	7	7
Transfer to Enterprises	9	5	9
Total	100	100	100

On an object basis, capital spending on purchases of land increased by over \$100 million in 1976, while construction other than buildings declined by about the same amount. Purchases of equipment declined by nearly \$30 million, while transfers to individuals and enterprises increased a similar amount (Table 11-3).

Municipal Capital Fund Spending by Object in 1975 and 1976

Table 11-3

	1975	1976	1976/75	Percent of 1976 Total
	\$ Million	\$ Million	%	%
Purchases of land	91	205	125	20
Construction of buildings	164	163	-1	16
Other construction (roads, etc.)	569	468	-18	45
Equipment	103	74	-28	7
Transfers	91	124	36	12
Total	1,018	1,034	2	100

Note: Figures should be used with caution, because of reporting inconsistencies.

## 2. Expenditure Levels by Types of Municipality

Municipal capital spending per household declined slightly in 1976. This change was by no means uniform across the province: in Metro Toronto and rural northern Ontario per household outlays increased 11 percent, while in regional governments they declined 10 percent (Table 11-4).

Metro Toronto spending per household was almost \$100 more than elsewhere in the province. This was largely due to a high level of transportation expenditures for the Spadina subway. Other urban areas also had higher spending levels than rural municipalities, due mainly to significantly higher expenditures on environmental services. They also had higher levels of transportation spending (due partly to transit outlays) but this was offset by higher levels of recreation spending in rural areas. Capital outlays were \$50 per household higher in rural northern Ontario than in the rural southern Ontario. This was because of spending well above the provincial average for recreation and other services. Transportation spending levels were significantly higher in the south.

Transportation and environment spending per household decreased substantially in all types of municipality except Metro and the cities where there were modest increases.

**Municipal Capital Fund Spending Per Household  
by Types of Municipality in 1976**

**Table 11-4**

	METRO			REGIONAL GOVERNMENT			CITIES		
	1976 Level	76/75	75/74	1976 Level	76/75	75/74	1976 Level	76/75	75/74
	\$	%	%	\$	%	%	\$	%	%
Transportation	196	5	65	127	-14	20	109	5	14
Environment	94	6	29	90	-17	46	103	2	46
Culture & Recreation	54	-22	11	42	-14	-12	22	-35	9
Other	94	84	16	100	4	52	91	21	-13
Total	438	11	36	359	-10	25	325	4	12

	RURAL SOUTH			RURAL NORTH			PROVINCE		
	1976 Level	76/75	75/74	1976 Level	76/75	75/74	1976 Level	76/75	75/74
	\$	%	%	\$	%	%	\$	%	%
Transportation	100	-9	19	80	-21	31	135	-5	32
Environment	33	-17	21	43	-25	84	80	-8	40
Culture & Recreation	37	12	50	72	44	19	42	-14	4
Other	84	12	29	107	65	62	94	24	29
Total	254	-2	26	302	11	44	351	-1	27

Recreation spending levels decreased significantly in urban municipalities, but increased in rural areas, particularly in northern Ontario. Some of these increases were attributable to community projects funded in part by the Province from Wintario proceeds. Other capital outlays increased at a high rate in all parts of the province except regional governments, where there was a slight increase.

The composition of capital spending in 1976 changed considerably from the previous year. The share of spending accounted for by transportation and environment decreased in all types of municipality except cities outside regional governments, while other functions increased their share of spending in all categories (Table 11-5). Apart from the lesser importance of environmental capital spending in rural areas, there was no clear-cut pattern of capital spending in 1976. Subway construction made transportation spending more important in Metro than elsewhere, while the share of total spending on recreation was far higher in the rural north than elsewhere.

**Composition of Capital Fund Spending by  
Types of Municipality in 1975 and 1976**

**Table 11-5**

	Metro		Regional Gov'ts		Cities		Rural South		Rural North		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	%	%	%	%	%	%	%	%	%	%	%	%
Transportation	47	45	37	35	33	33	43	39	37	26	40	38
Environment	23	21	27	25	32	32	15	13	21	14	25	23
Culture & Recreation	17	12	12	12	11	7	13	15	18	24	14	12
Other	13	22	24	28	24	28	29	33	24	36	21	27
Total	100	100	100	100	100	100	100	100	100	100	100	100



### 3. Expenditure Levels by Economic Regions

Capital spending performance in 1976 varied considerably between the northwest region and the rest of the province. The northwest increased its per household spending by 35 percent to a level about \$300, or 90 percent, above the provincial average. This reflects the Provincial Regional Priorities commitment to the area and the willingness of area residents to fund a significant amount of capital spending from current revenues. In the other regions, spending levels did not change significantly except in the eastern region, where they declined 18 percent. The level of spending was approximately the same, at around \$350 per household, in the northeast, eastern and central regions. In the southwest region the level was \$75 per household lower (Table 11-6).

The level of transportation spending in 1976 was about the same in all regions except the central region, where transit expenditures pushed the level about \$40 per household higher than elsewhere. Transportation spending levels declined significantly in the northern and eastern Ontario regions, but remained unchanged in the central and southwest regions.

Municipal Capital Fund Spending Per Household  
by Economic Regions in 1976

Table 11-6

	NORTHWEST			NORTHEAST			EASTERN		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Transportation	105	-12	-12	110	-11	8	110	-21	5
Environment	347	76	515	46	-47	102	68	-44	57
Culture & Recreation	77	26	117	36	-18	-19	45	-18	17
Other	134	19	14	152	49	19	129	15	42
Total	663	35	64	344	-4	19	352	-18	27

	CENTRAL			SOUTHWEST			PROVINCE		
	1976	76/75	75/74	1976	76/75	75/74	1976	76/75	75/74
	Level			Level			Level		
	\$	%	%	\$	%	%	\$	%	%
Transportation	152	-1	49	109	1	14	135	-5	32
Environment	83	5	21	54	-24	42	80	-8	40
Culture & Recreation	44	-14	-2	28	-15	32	42	-14	4
Other	81	25	20	85	27	63	94	24	29
Total	360	3	26	276	-1	30	351	-1	27

Environment spending levels were relatively constant at \$50-80 per household in all regions except the northwest, which had expenditures of almost \$350 per household. The growth in environmental spending per household was 76 percent in the northwest, compared to 5 percent in the central region, and decreases of between 24 percent and 47 percent elsewhere. Recreation spending per household rose 26 percent in the northwest to a level nearly double the provincial average. Elsewhere recreation spending levels decreased about 15 percent. Other capital spending increased at a high rate in all regions.

The composition of capital expenditure changed significantly in all regions in 1976 (Table 11-7). In the northwest region, environment spending jumped from 40 percent to 52 percent of total spending, mainly at the expense of transportation, which fell from 24 percent to 16 percent. There were also small declines in the share of recreation and



other expenditures. In the other regions, transportation, environment and recreation spending all had a static or slightly declining share of total outlays, while other expenditures expanded their share of the total significantly. The pattern of capital spending was approximately the same in these four regions. The main differences in composition of spending between the northwest and the other regions were that environment expenditures comprised half of all spending in the northwest compared to 13 to 23 percent elsewhere, while transportation comprised 16 percent of spending in the northwest, but nearly 40 percent elsewhere.

Composition of Capital Fund Spending by Economic Regions  
in 1975 and 1976

Table 11-7

	Northwest		Northeast		Eastern		Central		Southwest		Province	
	75	76	75	76	75	76	75	76	75	76	75	76
	%	%	%	%	%	%	%	%	%	%	%	%
Transportation	24	16	35	32	33	31	44	42	39	39	40	38
Environment	40	52	24	13	28	19	23	23	25	20	25	23
Culture & Recreation	13	12	12	11	13	13	14	12	12	10	14	12
Other	23	20	29	44	26	37	19	23	24	31	21	27
Total	100	100	100	100	100	100	100	100	100	100	100	100

#### 4. Total Revenues

Municipal capital revenues increased \$51 million to \$632 million in 1976. This represented a growth rate of 9 percent, a marked reduction from the 34 percent growth of the previous year, but nevertheless a significant increase in a year when capital outlays grew less than 2 percent (Table 11-8).

Contributions towards capital projects from municipalities' own funds increased 8 percent, down from 13 percent the previous year. Contributions from the revenue fund declined slightly after increasing 24 percent in 1975, as municipalities restrained their revenue fund spending. Contributions from other funds, which fell in 1975 despite record levels of reserves and reserve funds, increased 24 percent.

Municipal Capital Fund Revenues

Table 11-8

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Own Funds</i>				
Revenue fund	148	146	-1	24
Reserves and reserve funds	78	97	24	-4
Subtotal	226	243	8	13
<i>Ontario Grants</i>				
Transportation	192	199	4	49
Other	76	85	12	77
Subtotal	268	284	6	56
<i>Other Revenues</i>	87	105	21	40
Total <sup>1</sup>	581	632	9	34

<sup>1</sup>Excludes long term borrowing.

Grants from Ontario increased 6 percent, a fraction of their rate of increase the previous year, but faster than the rate of increase of revenue fund transfers in 1976. Grants for capital projects in transportation rose \$7 million in total, comprised of a \$12 million (or 15 percent) increase in transit grants, offset by a \$5 million decrease in road grants. Grants for sewerage purposes declined \$1 million to \$36 million while recreation grants, including those from Wintario, increased \$4 million to \$24 million. Grants for homes for the aged and day care centres increased to \$5 million and \$3 million respectively.

Other capital revenues continued to grow strongly in 1976. Grants from the Federal government amounted to \$46 million in 1976, up 44 percent or \$14 million, from the previous year. About half this amount was for sewer purposes, with the remainder for transportation, planning and recreation. Prepaid special charges amounted to \$11 million, up from \$9 million in 1975, while capital fund investments added a further \$2 million. Sales of assets brought in \$11 million, compared to \$13 million in 1975.

The composition of capital financing changed only slightly in 1976. The shares contributed by own funds and Provincial grants each declined 1 percent, while the share of other revenues increased 2 percent.

Composition of Capital Fund Revenues by Sources, 1970-1976

Table 11-9

	1970	1975	1976
	%	%	%
Own Funds	43	39	38
Ontario Grants	39	46	45
Other Revenues	18	15	17
Total <sup>1</sup>	100	100	100

<sup>1</sup>Excludes long term borrowing.

# School Board Finances

## 1. Total Expenditures

Total school board spending increased over \$400 million in 1976, to a total of \$3.2 billion (Table 12-1). This represented a growth rate of 15 percent, down slightly from the 1975 growth rate of 18 percent. The main difference in spending performance between 1975 and 1976 was on the capital side. Capital expenditures decreased by 31 percent in 1976, in contrast to a 15 percent increase the previous year. The trend of school capital spending is downwards in line with student enrollments, and the 1976 results reflect the re-establishment of this trend after an atypical increase in capital outlays in 1975. The Ministry of Education carefully prioritized new capital projects in 1976 as part of the Province's overall restraint program.

School Board Expenditures		Table 12-1		
	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<b>REVENUE FUND<sup>1</sup></b>				
<i>Elementary</i>				
Salaries and wages—Teachers	905	1,125	24	
—Other	239	284	19	22
Debt charges	134	136	2	3
Other expenditures	267	277	4	24
Subtotal	1,545	1,822	18	20
<i>Secondary</i>				
Salaries and wages—Teachers	646	819	27	
—Other	160	186	16	17
Debt charges	72	73	1	3
Other expenditures	178	188	6	16
Subtotal	1,056	1,266	20	16
Total	2,601	3,088	19	18
<b>CAPITAL FUND</b>	209	145	-31	15
<b>TOTAL EXPENDITURES</b>	2,810	3,233	15	18

<sup>1</sup>See notes to Table 6-1.

School board current expenditures increased 19 percent in 1976, 1 percentage point more than the previous year. This was due to a substantial increase in the payroll costs of both elementary and secondary schools. Total teachers salaries rose 24 percent in elementary schools and 27 percent in secondary schools, accounting for 62 percent of total elementary school costs and 65 percent of secondary school costs. The major salary awards negotiated by teachers in 1975 made the Provincial policy of expenditure control for school boards inoperative. Accordingly, expenditure ceilings were eliminated in 1976, and the grant formula for school boards was changed so that any expenditures over a certain level were financed 100 percent from property taxes. This enhanced local autonomy by allowing school boards to set their own expenditure levels, and by making them fully responsible to local ratepayers for expenditures beyond the level supported by Provincial grants.

The main reasons for high increases in teacher payroll costs were wage increases for 1976, as well as the effect of increases negotiated in 1975 which only had their full impact in 1976. Elementary school teachers' average salaries rose 17.4 percent to \$17,300 between September 1975 and September 1976.<sup>1</sup> Over the same period, the number of elementary school teachers declined 0.7 percent, so that the increase in total teachers' salaries was just under 17 percent. However, on a calendar year basis the increase was 24 percent because of the delayed effect of the 28 percent increase in teachers' salaries the previous year.

In secondary schools, numbers of teachers increased 1.4 percent and average salaries increased 14.3 percent to \$21,900 during the year ended September 1976.<sup>1</sup> This indicates a 16 percent increase in payroll, but on a calendar year basis the payroll increase was 27 percent, because of the 25 percent increase in salaries in the previous year. In addition, the comparison of payroll costs between 1975 and 1976 is distorted by secondary school teachers' strikes at the end of 1975 and the beginning of 1976. Had these strikes not taken place, secondary school payroll costs would have been \$28 million higher in 1975 and \$10 million higher in 1976. The percentage increase in total teachers' salaries would have been 23 percent, slightly less than the increase in elementary schools.

Enrollments dropped 2 percent in elementary schools in 1976, but increased 1.2 percent in secondary schools. There was a decrease in the pupil/teacher ratio in elementary schools, (from 20.64 to 20.35) and a minimal decrease in secondary schools (from 16.97 to 16.95) so that the elementary school ratio continued to move closer to the secondary school ratio.<sup>2</sup> This may be attributed in part to the 7.7 percent increase in Provincial grants to elementary schools compared to a 1.4 percent increase for secondary schools.

Other payroll costs—for administrators, principals and vice principals, non-teaching professionals, janitorial staff, etc.—increased 19 percent in elementary schools and 16 percent in secondary schools. This was significantly less than the increase in teachers' salaries, but was substantial, given the AIB guidelines and the fact that numbers of school board employees (excluding teachers) actually fell around 9 percent between the 1975 and the 1976 school years.<sup>1</sup> The reason for the relatively high increase in non-teaching payroll costs was that salaries of many non-teaching staff are pegged—either formally or informally—to teachers' salaries. When teachers receive major increases, then principals, vice principals and certain administrative staff inevitably get increases large enough to maintain their wage comparability with teachers.

Non-payroll cost increases were very modest in 1976. Debt charges increased only \$3 million, and other expenditures were limited to an increase of 5 percent as school boards held down non-payroll spending in order to accommodate the increases in salaries and wages.

## 2. Revenues

School revenues increased \$354 million to \$3.1 billion in 1976 (Table 12-2). This represented a growth rate of 13 percent, significantly less than both the 21 percent growth in revenues in 1975, and the 19 percent growth in expenditure in 1976. The main reason for the low growth rate compared to previous years was the relatively slow increase in Provincial grants as a result of the restraint program. Revenues grew slower than expenditures in 1976 because school boards ran down their accumulated surpluses in order to minimize mill rate increases.

<sup>1</sup>Source: Ministry of Education.

<sup>2</sup>Based on full time equivalent teachers and pupils, supplied by Ministry of Education.

# School Board Revenues

Table 12-2

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
REVENUE FUND				
Property taxes	1,040	1,296	25	19
Payments in lieu of taxes	26	31	19	18
Ontario grants	1,633	1,724	6	23
Other revenues	50	52	4	11
Total	2,749	3,103	13	21
CAPITAL FUND				
From revenue fund	105	70	-33	36

Ontario grants to school boards increased \$91 million or 6 percent. This was one-quarter of their growth rate in 1975, but was nevertheless slightly higher than the growth in grants to municipalities in 1976. Taxes for school purposes increased 25 percent, 6 percentage points more than the previous year, as a result of a 21 percent increase in mill rates. Payments in lieu of taxes increased at nearly the same rate as taxes, while other revenues grew 4 percent, down from 11 percent the previous year.

The financing of capital projects from the revenue fund dropped 33 percent in 1976, compared to a 36 percent increase in 1975. This reflects decreased capital outlays during 1976 and also school boards' attempts to restrain revenue fund spending so as to minimize mill rate increases.

As a result of the limited growth in grants, Ontario's average rate of support of school boards declined from 59 percent to 56 percent<sup>1</sup> (Table 12-3). The increase in school mill rates brought the property tax share of total school revenues up 4 percentage points to 42 percent. This was still well below the 48 percent level of 1970.

## Composition of School Board Revenue Fund Revenue by Sources, 1970-1976

Table 12-3

	1970	1975	1976
	%	%	%
Taxation	48	38	42
Payments in lieu of taxes	0	1	1
Ontario grants	50	59	56
Other revenues	2	2	1
Total	100	100	100

<sup>1</sup>This is the ratio of total grants to total expenditures, not the ratio calculated for purposes of the General Legislative Grants.



# Property Taxes

Total property taxes in 1976 amounted to \$2.8 billion, an increase of \$414 million over 1975. Of the total amount, \$74 million was collected in special charges, \$48 million in taxes levied on the gross receipts of telephone and telegraph companies and the remaining \$2.6 billion by the application of mill rates to taxable assessments. The 18 percent increase in property taxes comprised a 14 percent increase in mill rates and a 4 percent growth in the assessment base.

## 1. Changes in Property Tax Bases

Total taxable assessment increased 4.0 percent in 1976, lower than the 4.7 percent growth registered in 1975, but the same as the 1970-74 average annual increase.<sup>1</sup> The decline in the growth rates was more evident on residential and farm assessment where the increase was 3.2 percent compared to 3.9 percent the previous year. Commercial, industrial and business assessment grew 5.3 percent only marginally slower than in 1975 (Table 13-1). The slow growth in residential assessment was largely due to the continued slow down in residential housing construction. In addition, assessments for 1976 taxes on condominium apartments were reduced by Provincial legislation passed in late 1975.

Assessment Changes by Types of Municipality  
and Economic Regions in 1975 and 1976

Table 13-1

	Residential and Farm		Comm. Ind. and Business		Total	
	76/75 %	75/74 %	76/75 %	75/74 %	76/75 %	75/74 %
Metro Toronto	2.0	0.9	4.9	6.1	3.3	3.7
Regional Governments	3.9	5.7	5.9	5.7	4.5	5.7
Cities	3.5	4.0	5.0	4.6	4.1	4.4
Rural South	4.0	4.9	4.4	5.3	4.2	5.0
Rural North	2.5	1.7	2.8	3.3	2.6	2.3
Northwest	2.4	0.6	3.4	3.2	2.7	2.2
Northeast	1.6	2.7	3.4	9.5	2.2	5.2
Eastern	4.0	4.4	6.4	3.8	4.7	4.1
Central	3.2	4.1	5.6	5.9	4.0	4.9
Southwest	3.5	4.5	4.1	4.6	3.7	4.5
<i>Provincial Average</i>	3.2	3.9	5.3	5.5	4.0	4.7

Source: Year end summary of assessment, supplied by Ministry of Revenue.

The pattern of assessment changes was very similar to that in 1975. Commercial and business assessment grew faster than residential assessment in all regions and all types of municipality. Regional governments experienced the highest growth in total assessment, while the rural north had the least growth. Metro Toronto had the lowest rate of growth in residential assessment (due in part to the reduction of assessments on condominium apartments) but a high growth rate for commercial, industrial and business assessment.

Among economic regions, eastern Ontario had the highest rate of assessment growth

<sup>1</sup>All assessment figures taken from year end summaries prepared by the Ministry of Revenue.

due to significant increases in both commercial and residential assessment. Northern Ontario had the smallest growth in assessments.

## 2. Changes in Total Mill Rates

Total mill rates increased an average 14 percent in 1976,<sup>1</sup> about the same rate as in 1975. However, the increases in the municipal and school components of total mill rates differed dramatically. Municipal mill rates rose an average 8 percent, 5 percentage points less than in 1975. The school mill rate increase was 21 percent, 7 percentage points higher than the previous year (Table 13-2). School and municipal mill rate increases were broadly similar in 1975, but in 1976 the school rate increase was over two and a half times the municipal rate.

The increase in 1976 school mill rates is even more pronounced when examined by types of municipality and by economic regions. Metro Toronto was able to limit its school mill rate increase to 12 percent, mainly due to savings generated by the secondary school teachers' strike of 1975. In areas outside Metro, increases were much higher than the provincial average. They were particularly high in the eastern and southwest regions due to major salary awards to teachers in the Windsor and Ottawa areas. The northwest had a lower than average increase due to overlevies for school purposes in 1975.

Changes in Residential Mill Rates by Types of Municipality and Economic Regions

Table 13-2

	Municipal		School Boards		Total	
	76/75	75/74	76/75	75/74	76/75	75/74
	%	%	%	%	%	%
Metro Toronto	11	12	12	14	12	13
Regional Governments	6	13	23	16	14	14
Cities	6	13	27	13	15	13
Rural South	5	18	26	16	15	17
Rural North	5	14	28	18	12	15
Northwest	5	29	18	18	10	25
Northeast	7	17	21	9	13	13
Eastern	7	21	30	15	18	18
Central	8	12	18	14	13	13
Southwest	8	10	30	14	18	12
<i>Provincial Average</i>	8	13	21	14	14	14

On the municipal side, mill rates rose 11 percent in Metro Toronto, 6 percent in other urban areas and 5 percent in rural areas. The types of municipality with the highest increases in school mill rates had the lowest increases in municipal rates. Municipal mill rate increases in the different economic regions were relatively uniform in 1976. The northwest had a lower than average increase, despite having the largest increase in spending, because of relatively large increases in Provincial unconditional grants.

Total mill rate increases were relatively uniform by both economic regions and types of municipality. The significant variations from the provincial average were in the eastern and southwest regions, where increases in school mill rates were sufficiently large to drive total mill rate increases well above the average.

<sup>1</sup> Since the differentials between commercial and residential mill rates were fixed in 1976, percentage changes are discussed for residential mill rates only.

### 3. Taxes by Property Class

Property taxes levied on residential and commercial assessments increased 17 percent and 18 percent respectively in 1976, 1 percentage point less than the previous year in both cases. While the decreasing rate of growth in residential and farm taxation was due to the continued slow growth in the assessment base, the decrease in commercial and industrial taxes was attributable to slow growth in business taxes on occupants. Because the economy was sluggish in 1976 a significant number of properties became vacant and did not generate business taxes. Accordingly, business taxes grew only 14 percent compared to 20 percent the previous year (Table 13-3).

Property Taxes by Type

Table 13-3

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Properties Taxed at Residential Rate</i>				
Taxes	1,321	1,549	17	17
Municipal Charges	56	68	21	47
Subtotal	1,377	1,617	17	18
<i>Properties Taxed at Commercial Rate</i>				
Realty Taxes	675	806	19	19
Business Taxes	294	336	14	20
Municipal Charges	5	6	20	67
Subtotal	974	1,148	18	19
<i>Total Property Taxes</i>	2,351	2,765	18	19

Approximately 54 percent of total 1976 property taxes was levied on residences, 42 percent on commercial and business properties and the remaining on other properties taxed at residential rates (Table 13-4). This distribution was virtually unchanged from 1975.

### 4. Residential Tax Burdens

Average residential taxes per household rose by about \$60 in 1976, to a level of \$499 (Table 13-5). This amounted to a 14 percent increase, 1 percentage point less than the growth in 1975. Of the 1976 increase, \$41 was due to school board tax increases and the remaining \$19 to municipal taxes.

Direct payments to residents to offset property taxes under Provincial and municipal programs amounted to \$115 per household in 1976, the same level as in 1975. This meant that average tax burdens net of offsets rose by the same amount as gross taxes; in percentage terms, the increase in average net property tax burden was 19 percent.

Measured as a percent of household income, net residential tax burdens increased from 1.8 percent in 1975 to 1.9 percent in 1976. This was slightly above the level of recent years, but still well below the comparable 1970 figure of 2.7 percent.

### 5. Average Residential Property Taxes by Types of Municipality and Economic Regions

Residential tax levels continued to range widely among types of municipality in 1976 (Table 13-6). The level in Metro Toronto, \$618 per household, was highest in the province, 24 percent above the provincial average and more than double the average

# Property Taxes by Property Class in 1975 and 1976

Table 13-4

	1975	1976	1976/75	Percent of 1976 Total
	\$ Million	\$ Million	%	%
<i>Properties Taxed at Residential Rate</i>				
Residences: Realty taxes	1,203	1,412	17	51.0
Municipal charges	56	68	21	2.5
Subtotal	1,259	1,480	18	53.5
Farmland	22	25	14	0.9
Vacant land and buildings <sup>1</sup>	87	95	9	3.4
Other properties <sup>2</sup>	9	17	89	0.6
Total	1,377	1,617	17	58.4
<i>Properties Taxed at Commercial Rate</i>				
Industrial	322	376	17	13.6
Financial and wholesalers	103	126	22	4.6
Professional, chain retail	177	210	19	7.6
Transportation and distribution	27	36	33	1.3
Retail and other commercial	275	321	17	11.6
Parking lots	21	25	19	0.9
Telephone and telegraph	44	48	9	1.8
Municipal charges	5	6	20	0.2
Total	974	1,148	18	41.6
<i>Total Property Taxation</i>	2,351	2,765	18	100.0

<sup>1</sup>Based on tax rolls used for striking mill rates. Actual 1976 taxes in this category increased significantly as properties became vacant during the year.

<sup>2</sup>Due to changes in classification, the comparison between 1975 and 1976 for this class may be misleading.

## Average Residential Property Taxes Per Household: 1970-1976

Table 13-5

	1970	1975	1976
	\$	\$	\$
Municipal taxes and charges	181	244	263
School taxes	180	195	236
Gross property tax	361	439	499
Tax Offsets	65	115	115
Net property tax	296	324	384
Share of household income (%)			
Gross taxes	3.2	2.4	2.5
Net Taxes	2.7	1.8	1.9

taxes paid in rural areas. Taxes in regional governments were \$556 per household, \$62 less than in Metro, but still almost \$100 higher than cities outside the regional governments. Taxes in rural southern Ontario averaged \$300 per household, while in rural northern Ontario they were about \$230 per household. The rate of increase in average taxes was less in 1976 than in 1975 for all of rural Ontario, and also for regional governments. Metro Toronto had the same percentage increase in taxes both years, while cities outside regional governments had marginally higher tax increases in 1976.

Average Gross Residential Property Taxes  
Per Household by Types of Municipality

Table 13-6

		1975	1976	1976/75	1975/74
		\$	\$	%	%
<i>Metro Toronto</i>	Municipal taxes	280	311	11	12
	Municipal charges	7	8	14	-13
	Subtotal	287	319	11	11
	School taxes	267	299	12	14
	Total	554	618	12	12
<i>Regional Governments:</i>	Municipal taxes	250	266	6	13
	Municipal charges	31	35	13	63
	Subtotal	281	301	7	17
	School taxes	207	255	23	16
	Total	488	556	14	17
<i>Cities:</i>	Municipal taxes	234	248	6	13
	Municipal charges	18	18	—	20
	Subtotal	252	266	6	13
	School taxes	154	195	27	13
	Total	406	461	14	13
<i>Rural South:</i>	Municipal taxes	124	130	5	18
	Municipal charges	18	18	—	38
	Subtotal	142	148	4	20
	School taxes	124	156	26	16
	Total	266	304	14	18
<i>Rural North:</i>	Municipal taxes	112	117	5	14
	Municipal charges	11	10	-9	38
	Subtotal	123	127	3	16
	School taxes	85	104	22	18
	Total	208	231	11	17
<i>Province:</i>	Municipal taxes	225	242	8	13
	Municipal charges	19	21	11	46
	Subtotal	244	263	8	15
	School taxes	195	236	21	14
	Total	439	499	14	15

See notes to Table 7-7.

Variations in residential tax burdens were just as pronounced among economic regions as among types of municipality (Table 13-7). Average taxes ranged from \$550 in central Ontario to \$317 in the northwest. Average taxes in the other two southern regions were midway between these two extremes, while taxes in northeast Ontario were only marginally more than those in the northwest. In general, property tax levels in northern Ontario were one-third less than the provincial average. The average increase in taxes in southern Ontario was about \$65 per household, compared to \$34 in northern Ontario.

Property taxes grew at a greater rate than household incomes in all parts of the province and as a result, taxes as a percentage of income rose slightly. In all types of



Average Gross Residential Property Taxes  
Per Household by Economic Regions

Table 13-7

		1975	1976	1976/75	1975/74
		\$	\$	%	%
<i>Northwest:</i>	Municipal taxes	169	177	5	29
	Municipal charges	12	11	-8	20
	Subtotal	181	188	4	28
	School taxes	109	129	18	18
	Total	290	317	9	25
<i>Northeast:</i>	Municipal taxes	165	176	7	17
	Municipal charges	15	15	—	15
	Subtotal	180	191	6	17
	School taxes	125	151	21	9
	Total	305	342	12	13
<i>Eastern:</i>	Municipal taxes	200	215	8	21
	Municipal charges	28	28	—	17
	Subtotal	228	243	7	20
	School taxes	172	223	30	15
	Total	400	466	17	18
<i>Central:</i>	Municipal taxes	249	269	8	12
	Municipal charges	18	20	11	50
	Subtotal	267	289	8	14
	School taxes	221	261	18	14
	Total	488	550	13	14
<i>Southwest:</i>	Municipal taxes	196	212	8	10
	Municipal charges	19	19	—	58
	Subtotal	215	231	7	13
	School taxes	149	194	30	14
	Total	364	425	17	13
<i>Province:</i>	Municipal taxes	225	242	8	13
	Municipal charges	19	21	11	46
	Subtotal	244	263	8	15
	School taxes	195	236	21	14
	Total	439	499	14	15

See notes to Table 7-8.

municipality except Metro Toronto, the increase in the proportion of incomes taken by property taxes was one-tenth of one percentage point; in Toronto, the increase was negligible. The increase in taxes as a share of income was also uniform amongst economic regions, with all regions except eastern Ontario increasing one-tenth of one percentage point (Table 13-8).

Average Gross Residential Property Taxes  
and Incomes Per Household in 1976

Table 13-8

	Average Property Tax	Average Household Income <sup>1</sup>	Property Tax as Percent of Income	
			1976	1975
	\$	\$	%	%
Metro Toronto	618	22,200	2.8	2.8
Regional Governments	556	20,500	2.7	2.6
Cities	461	19,000	2.4	2.3
Rural South	304	15,700	1.9	1.8
Rural North	231	16,500	1.4	1.3
Northwest	317	18,000	1.8	1.7
Northeast	342	17,900	1.9	1.8
Eastern	462	17,400	2.7	2.4
Central	550	20,700	2.7	2.6
Southwest	425	18,100	2.3	2.2
<i>Provincial Average</i>	499	19,600	2.5	2.4

<sup>1</sup>T.E.I.G.A. estimates based on Statistics Canada data.

# Long Term Borrowing, Debt and Other Commitments

## 1. Long Term Borrowing

Local government long term borrowing increased over 50 percent in 1976, to a total of \$637 million (Table 14-1). Of this amount, \$547 was borrowed by municipalities and the remaining \$90 million by school boards.

Municipal long term borrowing increased 64 percent in 1976, over and above an increase of 52 percent the previous year. Borrowings in 1976 reflected not only the level of capital spending during the year, but also borrowing for previous years' capital expenditures. As a consequence of high long term interest rates in late 1975, municipalities financed their capital expenditures with increases in short term borrowing. With the decline in interest rates during 1976, municipalities converted \$145 million of short term borrowing for capital purposes into long term debentures.

Long Term Borrowing by Sources

Table 14-1

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Issued by Municipalities to:</i>				
Ontario	84	74	-12	190
Federal Government	27	19	-30	13
Public	223	454	104	34
Subtotal	334	547	64	52
<i>Issued by School Boards to:</i>				
Ontario	83	90	8	-12
Public	6	0	0	—
Subtotal	89	90	1	-5
<i>Total Borrowed</i>	423	637	51	35

Municipal borrowings from the public increased 104 percent in 1976, to over \$450 million. Borrowings from Ontario and from the Federal government fell by \$10 million and \$8 million respectively. Although school boards' capital spending declined, school boards' borrowings remained at about the same level as the previous year as long term financing was arranged for projects not permanently financed at the end of 1975.

New long term borrowing amounted to over half of total local government capital spending in 1976 (Table 14-2). By comparison, borrowing was only one-third of capital

New Long Term Borrowings as Share of Capital Expenditures,<sup>1</sup> 1970-1976

Table 14-2

	1970	1975	1976
	%	%	%
Municipalities	48	33	53
School Boards	51	43	62
Average	49	35	54

<sup>1</sup>Includes transfers to enterprises.

outlays in 1975. This change in the ratio of borrowing to expenditures does not indicate any major change in the pattern of capital financing because of the financing of 1975 capital expenditures during 1976.

## 2. Long Term Debt Outstanding

Total local government long term debt outstanding at the end of 1976 amounted to \$4.6 billion, \$343 million more than at the end of 1975 (Table 14-3). This represents an 8 percent growth rate, double the rate of growth in 1975, due to the high level of borrowing for municipal purposes. Net long term debt outstanding at the end of 1976, i.e. after subtracting sinking and retirement funds, was about \$3.9 billion or \$332 million more than at the end of 1975. The rate of increase in net debt was significantly higher than the trend over the preceding five years.

Long Term Debt Issued and Outstanding at Year End Table 14-3

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Issued by municipalities <sup>1</sup>	3,480	3,817	10	3
Less: Assumed by school boards	911	884		
Assumed by Ontario	9	13		
Gross debt	2,560	2,920	14	7
Less: Sinking funds	423	429		
MOE funds <sup>2</sup>	33	38		
Net debt	2,104	2,453	17	8
<i>School Boards</i>				
Issued by school boards <sup>1</sup>	790	796	1	9
Add: Assumed from municipalities <sup>3</sup>	911	884		
Gross debt	1,701	1,680	-1	-1
Less: Sinking funds <sup>3</sup>	200	196		
Net debt	1,501	1,484	-1	-1
<i>Total Debt Issued</i>	4,270	4,613	8	4
<i>Total Net Debt</i>	3,605	3,937	9	4

<sup>1</sup>Due to reporting inconsistencies the breakdown of debt issues between municipalities and school boards is in part estimated.

<sup>2</sup>Funds for debt retirement held by the Ministry of the Environment.

<sup>3</sup>Metro Toronto school debt and associated sinking fund amounts shown as assumed by school boards.

At the end of 1976, total debt issued by municipalities increased 10 percent, to \$3.8 billion. Of this total, \$884 million was to be repaid by school boards and \$13 million was to be repaid by the Province on account of its assumption of responsibility for the administration of justice (\$8 million) and for certain urban expressways (\$5 million). Total debt to be repaid by municipalities increased 14 percent, double the rate of increase of the previous year. Net funded debt for municipal purposes, including municipal enterprises, amounted to just under \$2.5 billion, an increase of 17 percent, compared to 8 percent in 1975.

Total debt outstanding for school purposes amounted to just under \$1.7 billion, about \$20 million less than the 1975 level. Of this total, \$196 million was provided for in sinking funds (almost exclusively for the Metro Toronto School Board) so that net

funded debt for school purposes was about \$1.5 billion, a decrease of 1 percent from the previous year.

Total local government net debt outstanding at the end of 1976 included about \$1.7 billion owing to the Provincial government and its agencies, and nearly \$0.2 billion owed to the Federal government's Central Mortgage and Housing Corporation. Municipal holdings of own debt amounted to \$15 million, while holdings of the debt of other municipalities amounted to a further \$12 million.

If all unfinanced capital outlays are assumed to represent unfunded debt, total local government debt outstanding amounted to \$4,123 million at the end of 1976, up 4 percent from the previous year end.

### 3. Net Long Term Debt Outstanding by Function

Total municipal net funded long term debt outstanding increased 17 percent in 1976, as opposed to a decrease of one percent for school board debt. As a result, municipal debt comprised 62 percent of total local government debt in 1976, compared to 58 percent the previous year (Table 14-4).

Of the total municipal debt outstanding, that for general municipal services increased \$288 million, or 18 percent, while debt for municipal enterprises grew \$61 million, or 13 percent. The bulk of increase in debt for enterprises was accounted for by waterworks (\$52 million), while the increase in general municipal debt was mainly accounted for by transportation, environmental services and recreation and cultural services. General government, protection and recreation had the highest growth rates for debt formation in 1976 but the pattern of net debt levels at the year end was very similar to that of 1975. The amount of general municipal debt to be recovered from benefitting landowners was \$234 million, up 8 percent from the 1975 figure.

### 4. Level of Debt and Debt Charges

Total long term debt supported by general revenues, including municipal debt and that portion of school board debt not supported by Provincial grants, increased 14 percent to \$2.6 billion at the end of 1976. Of this total, municipal debt increased 18 percent to over \$1.9 billion, while school board debt grew 6 percent to \$653 million (Table 14-5). The increase in school tax-supported debt, in contrast to the decreases of previous years, was due to the decline in the ratio of Provincial grants to total school board revenues. Non-tax-supported debt remained constant at about \$1.4 billion, because the increase in municipal enterprise debt was offset by the decline in the amount of school debt deemed to be supported by Provincial grants. Tax-supported debt amounted to 66 percent of total local debt in 1976, up from 63 percent in 1975. Total net long term debt per household amounted to \$1,328, an increase of 6 percent compared to a nominal increase of 1 percent in 1975.

Total debt charges for local government long term debt increased 8 percent in 1976, compared to 5 percent the previous year. Debt charges per household rose 4 percent, double the average rate of growth of the preceding five years (Table 14-6). The portion of current expenditures absorbed by debt charges,<sup>1</sup> remained practically the same for municipalities, and for the total local sector, but declined slightly for school boards (Table 14-7). Debt charges supported by an average household increased \$5, or 8 percent. This was the first significant increase since 1970.

<sup>1</sup>Excluding municipal enterprise debt charges.



# Net Long Term Debt Outstanding by Function

Table 14-4

	1975	1976	1976/75	Percent of 1976 Total
	\$ Million	\$ Million	%	%
<b>RECOVERABLE FROM GENERAL MUNICIPAL REVENUES</b>				
<i>General Government</i>	62	80	29	2.0
<i>Protection</i>				
Police	34	46	35	1.1
Fire	37	26	-30	0.7
Other	9	28	211	0.7
Subtotal	80	100	25	2.5
<i>Transportation</i>				
Roadways	367	422	15	10.7
Transit	85	89	5	2.3
Subtotal	452	511	13	13.0
<i>Environment</i>				
Sewers	548	618	13	15.7
Waterworks	11	17	55	0.4
Solid Waste	46	58	26	1.5
Subtotal	605	693	15	17.6
<i>Health and Social Services</i>				
Health	62	66	6	1.7
Homes for the Aged	37	37	0	0.9
Subtotal	99	103	4	2.6
<i>Culture and Recreation</i>	246	329	34	8.4
<i>Planning and Development</i>				
Residential and Industrial Development	53	60	13	1.5
Tile drainage	45	54	20	1.4
Subtotal	98	114	16	2.9
Total	1,642	1,930	18	49.0
<b>RECOVERABLE FROM USER CHARGES</b>				
Transit	64	65	2	1.7
Parking Authorities	13	10	-23	0.3
Waterworks	269	321	19	8.1
Hydro Distribution	97	104	7	2.6
Other Enterprises	19	23	21	0.6
Total	462	523	13	13.3
TOTAL MUNICIPAL	2,104	2,453	17	62.3
SCHOOL BOARDS	1,501	1,484	-1	37.7
GRAND TOTAL	3,605	3,937	9	100.0

# Level of Net Long Term Debt Outstanding

Table 14-5

	1975	1976	1976/75	1975/74
<i>Actual (\$ Million)</i>			%	%
Tax Supported				
Municipalities	1,642	1,930	18	8
School boards	615	653	6	-4
Subtotal	2,257	2,583	14	5
Non-Tax Supported				
Municipal enterprises	462	523	13	7
School boards	886	831	-6	1
Subtotal	1,348	1,354	0	3
Total	3,605	3,937	9	4
<i>Per Household (\$)</i>				
Tax Supported				
Municipalities	570	651	14	5
School boards	214	220	3	-7
Subtotal	784	871	11	1
Non-Tax Supported				
Municipal enterprises	160	177	11	3
School boards	308	280	-9	-3
Subtotal	468	457	-2	-1
Total	1,252	1,328	6	1

# Annual Debt Charges

Table 14-6

	1975	1976	1976/75	1975/74
<i>Actual (\$ Million)</i>			%	%
Tax Supported				
Municipalities	247	277	12	7
School boards	85	92	8	1
Subtotal	332	369	11	5
Non-Tax Supported				
Municipal enterprises	68	76	12	6
School boards	122	117	-4	5
Subtotal	190	193	2	6
Total	522	562	8	5
<i>Per Household (\$)</i>				
Tax Supported				
Municipalities	86	93	8	4
School boards	30	31	3	0
Subtotal	116	124	7	3
Non-Tax Supported				
Municipal enterprises	24	26	8	4
School boards	42	39	-7	0
Subtotal	66	65	-2	2
Total	182	189	4	2

Debt Charge Indicators, 1970-1976

Table 14-7

	1970	1975	1976
<i>Debt Charges as Percent of Current Expenditures</i>			
Municipalities	13	9	9
School Boards	11	8	7
Average	12	8	8
<i>Debt Charges Supported by an Average Household (\$)</i>			
Municipalities	40	46	50
School Boards	20	16	17
Total	60	62	67

## 5. Municipal Debt and Debt Charges by Types of Municipality and Economic Regions

Municipal net debt per household rose 13 percent to \$828 in 1976 (Table 14-8). The pattern of debt per household did not change appreciably among types of municipality and economic regions. Metro Toronto and regional governments had the largest increases in debt, which brought their 1976 debt levels to \$300 and \$100 above the provincial average respectively. Net debt per household declined marginally in rural northern Ontario. The growth in debt levels was similar in all economic regions except the north-west region, where growth was more modest than elsewhere and resulted in a 1976 debt level \$250 below the provincial average.

Municipalities Net Long Term Debt Per Household by Types of Municipality and Economic Regions in 1976

Table 14-8

	To Be Recovered From		1976 Total	1975 Total	1976/75 %
	General Revenues	User Charges			
	\$	\$	\$	\$	%
Metro Toronto	892	229	1,121	976	15
Regional Governments	722	210	932	805	16
Cities	681	159	840	779	8
Rural South	254	80	334	299	12
Rural North	243	53	296	298	-1
Central Ontario	685	186	871	767	14
Southwest	592	90	682	599	14
Eastern	635	234	869	759	15
Northeast	588	172	760	673	13
Northwest	444	130	574	548	5
Provincial Average	651	177	828	730	13

Debt charges as a share of current expenditures were virtually unchanged in 1976 for all types of municipality and all economic regions. Debt charges per household increased more in urban areas than in rural parts of the province. The increase in Metro Toronto was less than in other urban areas. Among the economic regions, the smallest increases were in the central and northwest regions.

Debt Charges for General Municipal Purposes  
by Types of Municipality and Economic Regions in 1976

Table 14-9

	Total		Per Household Residential Share		As Percent of Current Expenditures	
	1975	1976	1975	1976	1975	1976
	\$	\$	\$	\$	%	%
Metro Toronto	129	135	61	63	12	12
Regional Governments	83	94	49	56	9	9
Cities	94	104	49	54	10	10
Rural South	34	38	23	26	5	6
Rural North	34	38	16	18	4	4
Central	94	98	50	52	10	10
Southwest	74	88	44	52	10	10
Eastern	70	87	41	51	8	9
Northeast	77	88	39	44	8	8
Northwest	64	66	26	27	6	5
<i>Provincial Average</i>	86	93	46	50	9	9

## 6. Non-Debt Long Term Commitments and Employee Benefits

Ontario's investments to provide water and sewer service to municipalities under Provincial service agreements amounted to \$630 million at March 31, 1977. Of this amount, \$450 million was in respect of sewer services and the remaining \$180 million was for water facilities. Of the Province's total investment, about \$200 million will be written off in annual subsidies to municipalities, while the remaining \$430 million will be recovered from municipalities on a fee for service basis. Municipalities' outstanding commitments to universities and colleges totalled \$1 million at the end of 1976, while those to hospitals totalled \$10 million. Municipal liabilities for unfunded past service liabilities and experienced deficiencies in pension plans are estimated at \$210 million. About \$100 million of this amount is in respect of OMERS supplementary plans, while the remainder is for closed pension plans in those municipalities which still have such plans. Municipal liabilities for unused sick leave benefits totalled \$156 million, while school board liabilities totalled an additional \$145 million.<sup>1</sup>

<sup>1</sup>Estimate based on Ministry of Education information.

# Year End Position

## 1. Revenue Fund

At the end of 1976, local government had an overall current surplus of \$138 million, or \$34 million less than at the end of 1975. The 1976 surplus represented 2.3 percent of current revenues, down from 3.2 percent the previous year (Table 15-1).

Revenue Fund Surplus at End of 1976

Table 15-1

	Municipalities	School Boards	Total
	\$ Million	\$ Million	\$ Million
Surplus at Beginning of Year	110	62	172
Add: Revenues	2,968	3,103	6,071
Less: Expenditures	2,947	3,158	6,105
Surplus at End of Year	131	7	138

The municipal surplus increased in 1976 from \$110 million, or 4.1 percent of revenues, to \$131 million, or 4.4 percent of revenues. This reflects a continuation of the trend since 1970 of growing municipal overlevies and surpluses. Almost all the increase in the 1976 surplus was for general municipal purposes: this component of total surplus increased from \$85 million to \$105 million. The contributions to total surplus from special area rates and charges, local boards' surpluses, and levies for upper tier purposes collected by lower tier municipalities, remained virtually unchanged at \$17 million, \$6 million and \$3 million respectively. Had municipalities and their local boards been able to accurately predict 1976 revenues and expenditures when setting their budgets, there would have been, on average, no change in the level of municipal mill rates, as opposed to the 8 percent increase which took place.

The surplus of \$62 million held by school boards at the end of 1975 had been reduced to \$7 million by the end of the following year. The 1975 surplus reflected both savings due to strike action by teachers (\$18 million) plus significant overestimates of wage increases in some boards.

## 2. Capital Fund

The balance of unfinanced capital expenditure was reduced by almost 50 percent during 1976, from a level of \$346 million to \$186 million (Table 15-2). This was mainly due to long term borrowings in 1976 for projects which were financed on a short term basis in 1975 while municipalities waited for interest rates to moderate. Of the amount remaining to be financed at the end of 1976, over \$20 million represented outlays financed by loans from the Federal government pending issue of debentures on completion of projects.

## 3. Reserves and Reserve Funds

Local government reserves and reserve funds increased 19 percent in 1976, to nearly \$600 million. This represented a smaller increase than the previous year, but a larger increase than the growth in revenues, so that reserves and reserve funds grew from 8.6 percent of total revenues to 9.1 percent.



# Capital Fund Position at End of 1976

Table 15-2

	Municipalities	School Boards	Total
	\$ Million	\$ Million	\$ Million
Unfinanced Expenditures at Beginning of Year <sup>1</sup>	326	20	346
Less: Revenues	1,179	160	1,339
Add: Expenditures	1,034	145	1,179
Unfinanced Expenditures at End of Year <sup>1</sup>	181	5	186

<sup>1</sup>These figures are net—total unfinanced outlays less unexpended capital financing. Unexpended capital financing amounted to \$33 million at the end of 1975 and \$55 million at the end of 1976.

Municipal reserves and reserve funds increased 23 percent in 1976, compared to 28 percent the previous year. Balances at the year end included \$106 million for working capital, \$38 million for equipment replacement, \$18 million for sick leave benefits, \$87 million from subdivider contributions and \$42 million in Ontario Home Renewal Plan funds. Reserves and reserve funds amounted to 14.7 percent of total municipal revenues in 1976, up from 13.2 percent the previous year.

School reserve funds for capital purposes increased 24 percent in 1976, after declining 19 percent the previous year. Reserves decreased \$10 million as school boards used amounts previously set aside for working capital in order to limit mill rate increases.

## Balance of Reserves and Reserve Funds at End of Year

Table 15-3

	1975	1976	1976/75	1975/74
	\$ Million	\$ Million	%	%
<i>Municipalities</i>				
Reserves	177	197	11	20
Reserve funds	235	311	32	34
Total	412	508	23	28
<i>School Boards</i>				
Reserves	61	51	-16	27
Reserve funds	29	36	24	-19
Total	90	87	-3	7
<i>Total Local Sector</i>				
Reserves	238	248	4	21
Reserve funds	264	347	31	25
Total	502	595	19	23

## 4. Tax Collections and Arrears

Collections of both current and previous years' taxes improved in 1976 (Tables 15-4 and 15-5). Average total collections amounted to 99.1 percent of levies, compared to 98.2 percent in 1975. The improvement was approximately uniform in all economic regions and all types of municipality (Table 15-6).

Tax arrears increased 8 percent in 1976, to a total of \$200 million. This represented an increase of \$2 per household. The main increase was in prior years' arrears, which grew 16 percent, compared to a 5 percent increase in current years' arrears. The overall increase in arrears was modest in light of the 18 percent increase in property taxes in 1976. In

# Local Government 1976 Tax Roll

Table 15-4

	1975	1976	1976/75	Percent of 1976 Taxes Levied
	\$ Million	\$ Million	%	%
<i>Taxes Uncollected at the Beginning of Year</i>	156	186	19	6.7
<i>Additions to Tax Roll</i>				
Interim and final tax billings	2,254	2,669	18	96.5
Supplementary taxes billed	69	60	-13	2.2
Sewer charges collected on water bills	28	36	29	1.3
Total 1976 taxes	2,351	2,765	18	100.0
Penalties and interest added	18	20	11	0.7
Total	2,369	2,785	18	100.7
<i>Reductions</i>				
Collections: Current year taxes <sup>1</sup>	2,203	2,613	19	94.5
Previous years' taxes	103	123	19	4.5
Discounts and reductions <sup>2</sup>	3	4	33	0.1
	2,309	2,740	19	99.1
Taxes written off <sup>3</sup>	30	35	17	1.3
Total	2,339	2,775	19	100.4
<i>Taxes Uncollected at Year End</i>				
Current	142	149	5	5.4
Previous year	29	32	10	1.1
Prior years	15	19	27	0.7
Total	186	200	8	7.2

<sup>1</sup>Sewer surcharges on water bills assumed to be 100 percent collected.

<sup>2</sup>Includes reductions under municipal programs for the elderly.

<sup>3</sup>Includes \$2 million pending municipal action against property holders to recover amounts owing.

## Tax Collections and Arrears

Table 15-5

	1970	1975	1976
<i>Collections as percent of Levy<sup>1</sup></i>			
Current year	93.7	93.8	94.6
Prior years	4.3	4.4	4.5
Total	98.0	98.2	99.1
<i>Arrears as percent of Levy</i>			
Current year	6.0	6.0	5.4
Prior years	2.4	1.9	1.8
Total	8.4	7.9	7.2
<i>Arrears per Household</i>			
Current year	\$ 40	\$ 50	\$ 50
Prior years	16	15	17
Total	\$ 56	\$ 65	\$ 67

<sup>1</sup>Collections include penalties and interest. Figures for 1970 are estimates.

relation to levies, arrears declined from 7.9 percent in 1975, to 7.2 percent (Table 15-7). There were improvements in the ratio of arrears to levies for all types of municipality and all economic regions. Arrears per household increased slightly in all types of municipality except in regional governments, where they declined marginally.

**Tax Collections by Types of Municipality and Economic Regions in 1976**

Table 15-6

	Current	Prior Years	1976 Total	1975 Total
	%	%	%	%
Metro Toronto	94.5	3.8	98.3	97.3
Regional Governments	95.2	4.5	99.7	99.1
Cities	95.8	3.0	98.8	98.6
Rural South	91.1	7.0	98.1	98.5
Rural North	92.1	7.2	99.3	98.1
Northwest	95.2	4.2	99.4	97.9
Northeast	94.4	4.5	98.9	98.9
Eastern	94.7	4.2	98.9	97.3
Central	94.6	4.6	99.2	98.3
Southwest	94.5	4.0	98.5	98.8
<i>Province</i>	94.6	4.5	99.1	98.2

See notes to Table 9-6.

**Tax Arrears by Types of Municipality and Economic Regions in 1976**

Table 15-7

	As Percent of Levy				Per Household			
	Current	Prior Years	1976 Total	1975 Total	Current	Prior Years	1976 Total	1975 Total
	%	%	%	%	\$	\$	\$	\$
Metro Toronto	5.2	1.3	6.4	7.0	67	16	83	80
Regional Governments	5.0	1.9	6.9	8.0	47	18	65	66
Cities	4.1	1.8	5.9	5.8	36	15	51	45
Rural South	8.6	3.3	11.9	12.7	47	17	64	58
Rural North	7.7	3.6	11.3	11.8	43	19	62	57
Northwest	4.8	2.5	7.3	7.3	38	20	58	55
Northeast	5.4	2.3	7.7	8.1	37	16	53	50
Eastern	5.0	1.9	6.9	8.1	39	15	54	54
Central	5.5	1.7	7.2	7.9	57	17	74	72
Southwest	5.3	2.2	7.5	7.8	42	17	59	52
<i>Province</i>	5.4	1.8	7.2	7.9	50	17	67	65

See notes to Table 9-7.



# DETAILED MUNICIPAL FINANCIAL DATA

## 1975 DATA

Table 1:	Revenue fund revenues
Table 2:	Composition of revenue fund revenues
Table 3:	Revenue fund expenditures
Table 4:	Capital fund financing
Table 5:	Composition of capital fund financing
Table 6:	Capital fund own expenditures
Table 7:	Capital fund transfers and year end balance

## 1976 DATA

Table 8:	Revenue fund revenues
Table 9:	Composition of revenue fund revenues
Table 10:	Revenue fund expenditures
Table 11:	Capital fund financing
Table 12:	Composition of capital fund financing
Table 13:	Capital fund own expenditures
Table 14:	Capital fund transfers and year end balance





## Revenue Fund Revenues—1975

Table 1

	Taxation	Payments in Lieu of Taxes	Ontario Grants	Other Revenues	Total Revenue
	\$000	\$000	\$000	\$000	\$000
<i>Metro</i>					
Metropolitan Toronto	452,788	39,514	240,245	80,687	813,234
<i>Regional Governments</i>					
Durham	38,130	1,297	29,159	15,364	83,950
Haldimand-Norfolk	9,358	378	10,008	3,439	23,183
Halton	32,104	1,029	22,535	7,485	63,153
Hamilton-Wentworth	82,262	3,426	53,160	16,039	154,887
Niagara	55,713	3,141	43,575	10,960	113,389
Ottawa-Carleton	93,337	29,769	66,046	16,573	205,725
Peel	56,201	3,692	29,833	15,318	105,044
Sudbury	23,774	801	30,824	6,035	61,434
Waterloo	46,439	2,094	33,365	10,260	92,158
York	27,996	489	17,005	8,335	53,825
Muskoka	5,632	116	7,033	1,133	13,914
Oxford	10,077	258	7,804	3,757	21,896
<i>Total</i>	481,023	46,490	350,347	114,698	992,558
<i>Counties</i>					
Brant	13,259	575	12,879	4,858	31,571
Bruce	5,986	253	8,529	2,237	17,005
Dufferin	2,675	59	3,618	1,205	7,557
Elgin	7,480	250	7,560	2,645	17,935
Essex	50,854	2,760	29,380	8,838	91,832
Frontenac	13,043	2,030	12,594	3,942	31,609
Grey	8,594	376	11,232	1,969	22,171
Haliburton	1,435	104	2,701	458	4,698
Hastings	11,813	720	13,824	2,964	29,321
Huron	6,358	206	8,046	2,732	17,342
Kent	14,646	425	10,973	3,542	29,586
Lambton	18,897	640	11,268	5,263	36,068
Lanark	4,045	239	6,260	1,455	11,999
Leeds and Grenville	7,197	413	8,925	1,953	18,488
Lennox and Addington	2,426	290	4,203	747	7,666
Middlesex	41,177	3,506	32,813	7,410	84,906
Northumberland	5,962	615	5,894	1,725	14,196
Perth	8,390	256	6,713	2,276	17,635
Peterborough	12,723	579	9,342	2,684	25,328
Prescott and Russell	4,891	79	8,060	1,495	14,525
Prince Edward	1,856	76	2,551	478	4,961
Renfrew	7,010	1,210	10,354	2,953	21,527
Simcoe	24,703	886	17,391	6,382	49,362
Stormont, Dundas and Glengarry	10,577	667	12,244	2,582	26,070
Victoria	4,362	185	5,752	1,462	11,761
Wellington	14,279	935	13,362	2,920	31,496
<i>Total</i>	304,638	18,334	276,468	77,175	676,615
<i>Districts</i>					
Algoma	15,666	756	18,578	4,548	39,548
Cochrane	9,175	566	15,476	3,523	28,740
Kenora	4,819	304	6,271	2,416	13,810
Manitoulin	571	29	1,453	473	2,526
Nipissing	7,903	789	11,424	2,262	22,378
Parry Sound	2,526	61	4,251	959	7,797
Rainy River	2,783	142	4,359	1,479	8,763
Sudbury	1,688	25	3,438	955	6,106
Thunder Bay	23,402	1,706	24,719	5,768	55,595
Timiskaming	3,650	378	7,765	1,443	13,236
<i>Total</i>	72,183	4,756	97,734	23,826	198,499
<b>PROVINCIAL TOTAL</b>	1,310,632	109,094	964,794	296,386	2,680,906

## Composition of Revenue Fund Revenues—1975

Table 2

	Taxation	Payments in Lieu of Taxes	Ontario Grants	Other Revenues
	%	%	%	%
<i>Metro</i>				
Metropolitan Toronto	55.7	4.9	29.5	9.92
<i>Regional Governments</i>				
Durham	45.4	1.6	34.7	18.3
Haldimand-Norfolk	40.4	1.6	43.2	14.8
Halton	50.8	1.6	35.7	11.9
Hamilton-Wentworth	53.1	2.2	34.3	10.4
Niagara	49.1	2.8	38.4	9.7
Ottawa-Carleton	45.4	14.5	32.1	8.1
Peel	53.5	3.5	28.4	14.6
Sudbury	38.7	1.3	50.2	9.8
Waterloo	50.4	2.3	36.2	11.1
York	52.0	0.9	31.6	15.5
Muskoka	40.5	0.8	50.5	8.1
Oxford	46.0	1.2	35.6	17.2
<i>Average</i>	48.5	4.7	35.3	11.5
<i>Counties</i>				
Brant	42.0	1.8	40.8	15.4
Bruce	35.2	1.5	50.2	13.1
Dufferin	35.4	0.8	47.9	15.9
Elgin	41.7	1.4	42.2	14.7
Essex	55.4	3.0	32.0	9.6
Frontenac	41.3	6.4	39.8	12.5
Grey	38.8	1.7	50.7	8.9
Haliburton	30.6	2.2	57.5	9.7
Hastings	40.3	2.5	47.1	10.1
Huron	36.7	1.2	46.4	15.8
Kent	49.5	1.4	37.1	12.0
Lambton	52.4	1.8	31.2	14.6
Lanark	33.7	2.0	52.2	12.1
Leeds and Grenville	38.9	2.3	48.3	10.6
Lennox and Addington	31.6	3.8	54.8	9.8
Middlesex	48.5	4.1	38.7	8.7
Northumberland	42.0	4.3	41.5	12.2
Perth	47.5	1.5	38.1	12.9
Peterborough	50.2	2.2	36.9	10.6
Prescott and Russell	33.7	0.5	55.5	10.3
Prince Edward	37.4	1.5	51.5	9.6
Renfrew	32.6	5.6	48.1	13.7
Simcoe	50.0	1.8	35.2	12.9
Stormont, Dundas and Glengarry	40.6	2.5	47.0	9.9
Victoria	37.1	1.6	48.9	12.4
Wellington	45.3	3.0	42.4	9.3
<i>Average</i>	45.0	2.7	40.9	11.4
<i>Districts</i>				
Algoma	39.6	1.9	47.0	11.5
Cochrane	31.9	2.0	53.8	12.3
Kenora	34.9	2.2	45.4	17.5
Manitoulin	22.6	1.1	57.5	18.7
Nipissing	35.3	3.5	51.1	10.1
Parry Sound	32.4	0.8	54.5	12.3
Rainy River	31.8	1.6	49.7	16.9
Sudbury	27.6	0.4	56.3	15.7
Thunder Bay	42.1	3.0	44.5	10.4
Timiskaming	27.6	2.8	58.7	10.9
<i>Average</i>	36.4	2.4	49.2	12.0
PROVINCIAL AVERAGE	48.9	4.1	36.0	11.0

# Revenue Fund Expenditures—1975

Table 3

	General Government	Protection			Total
		Fire	Police	Other	
	\$000	\$000	\$000	\$000	\$000
<i>Metro</i>					
Metropolitan Toronto	71,247	62,930	117,400	19,763	200,093
<i>Regional Governments</i>					
Durham	8,961	5,472	7,375	2,126	14,973
Haldimand-Norfolk	2,420	980	1,867	1,032	3,879
Halton	6,110	3,298	6,146	4,404	13,848
Hamilton-Wentworth	19,075	9,526	15,746	3,806	29,078
Niagara	10,816	6,814	11,782	2,115	20,711
Ottawa-Carleton	26,616	13,948	19,175	3,948	37,071
Peel	11,437	7,343	12,469	6,354	26,166
Sudbury	6,284	2,841	5,820	1,297	9,958
Waterloo	8,391	7,312	9,714	6,238	23,264
York	6,198	2,355	6,811	2,109	11,275
Muskoka	1,809	368	0	177	545
Oxford	2,872	1,401	1,797	516	3,714
<i>Total</i>	110,989	61,658	98,702	34,122	194,482
<i>Counties</i>					
Brant	3,103	2,183	3,223	2,517	7,923
Bruce	1,996	476	539	602	1,617
Dufferin	751	130	423	375	928
Elgin	1,620	1,057	1,096	652	2,805
Essex	9,365	6,907	11,605	2,186	20,698
Frontenac	3,566	2,176	2,456	1,162	5,794
Grey	2,059	967	948	1,933	3,848
Haliburton	606	130	20	34	184
Hastings	2,156	1,773	2,285	1,788	5,846
Huron	1,493	339	629	592	1,560
Kent	3,517	1,657	2,358	1,441	5,456
Lambton	3,400	2,229	2,712	1,303	6,244
Lanark	1,367	344	638	223	1,205
Leeds and Grenville	1,787	1,027	1,234	439	2,700
Lennox and Addington	915	320	179	1,040	1,539
Middlesex	9,969	6,593	8,433	1,916	16,942
Northumberland	1,594	579	799	546	1,924
Perth	1,814	992	1,461	514	2,967
Peterborough	3,046	2,355	2,365	817	5,537
Prescott and Russell	1,857	362	300	159	821
Prince Edward	542	180	181	305	666
Renfrew	2,320	1,166	1,239	113	2,518
Simcoe	6,510	2,649	3,449	1,304	7,402
Stormont, Dundas and Glengarry	2,442	1,456	1,665	619	3,740
Victoria	1,110	362	469	128	959
Wellington	2,719	2,192	2,566	2,475	7,233
<i>Total</i>	71,625	40,601	53,272	25,183	119,056
<i>Districts</i>					
Algoma	3,829	2,478	3,444	1,258	7,180
Cochrane	3,108	1,777	1,815	831	4,423
Kenora	1,272	557	910	110	1,577
Manitoulin	332	133	0	28	161
Nipissing	2,116	1,785	2,564	450	4,799
Parry Sound	903	180	170	69	419
Rainy River	973	352	691	33	1,076
Sudbury	699	155	200	51	407
Thunder Bay	4,224	3,682	4,594	1,401	9,677
Timiskaming	1,319	665	584	64	1,313
<i>Total</i>	18,685	11,764	14,972	4,295	31,031
PROVINCIAL TOTAL	272,546	176,953	284,346	83,363	544,662

## Revenue Fund Expenditures—1975

Table 3  
(Cont.)

	Transportation			Total
	Roads	Transit	Other	
	\$000	\$000	\$000	\$000
<i>Metro</i>				
Metropolitan Toronto	81,325	62,551	24,456	168,332
<i>Regional Governments</i>				
Durham	13,357	1,185	3,436	17,978
Haldimand-Norfolk	6,339	0	354	6,693
Halton	13,992	1,619	1,346	16,957
Hamilton-Wentworth	17,610	4,675	4,485	26,770
Niagara	21,612	1,526	3,569	26,707
Ottawa-Carleton	30,079	21,251	5,614	56,944
Peel	15,911	3,190	2,385	21,486
Sudbury	11,284	2,457	1,409	15,150
Waterloo	13,189	3,029	3,248	19,466
York	12,774	753	886	14,413
Muskoka	6,056	0	140	6,196
Oxford	5,382	186	964	6,532
<i>Total</i>	167,585	39,871	27,836	235,292
<i>Counties</i>				
Brant	5,593	547	518	6,658
Bruce	6,498	0	194	6,692
Dufferin	2,523	0	86	2,609
Elgin	5,025	161	470	5,656
Essex	13,526	1,608	2,566	17,700
Frontenac	5,814	819	589	7,222
Grey	8,151	17	378	8,546
Haliburton	1,955	0	37	1,992
Hastings	8,227	222	588	9,037
Huron	6,416	0	337	6,753
Kent	7,596	494	838	8,928
Lambton	8,309	510	806	9,625
Lanark	3,742	0	257	3,999
Leeds and Grenville	6,722	0	625	7,347
Lennox and Addington	2,252	0	255	2,507
Middlesex	15,485	1,773	2,334	19,592
Northumberland	4,584	29	270	4,883
Perth	5,344	305	690	6,339
Peterborough	5,762	623	613	6,998
Prescott and Russell	6,019	0	153	6,172
Prince Edward	1,652	0	55	1,707
Renfrew	5,609	2	394	6,005
Simcoe	13,611	484	1,871	15,966
Stormont, Dundas and Glengarry	7,343	243	687	8,273
Victoria	4,921	11	216	5,148
Wellington	7,612	191	796	8,599
<i>Total</i>	170,291	8,039	16,623	194,953
<i>Districts</i>				
Algoma	5,695	1,009	879	7,583
Cochrane	5,002	675	1,652	7,329
Kenora	2,658	0	568	3,226
Manitoulin	725	0	23	748
Nipissing	4,206	443	405	5,054
Parry Sound	2,561	0	126	2,687
Rainy River	1,480	45	242	1,767
Sudbury	1,220	0	77	1,297
Thunder Bay	7,640	1,830	1,517	10,987
Timiskaming	3,536	39	299	3,874
<i>Total</i>	34,723	4,041	5,788	44,552
PROVINCIAL TOTAL	453,924	114,502	74,703	643,129



# Revenue Fund Expenditures—1975

Table 3  
(Cont.)

(\$000)	Environment			Health and Social	Culture and Recreation
	Sewers	Solid Waste	Total		
	\$000	\$000	\$000	\$000	\$000
<i>Metro</i>					
Metropolitan Toronto	49,752	35,024	84,776	169,156	108,000
<i>Regional Governments</i>					
Durham	9,604	3,185	12,788	16,660	9,777
Haldimand-Norfolk	503	719	1,222	5,217	1,833
Halton	5,528	1,827	7,355	8,169	9,996
Hamilton-Wentworth	9,293	6,421	15,714	34,067	17,431
Niagara	10,846	4,350	15,196	25,057	11,015
Ottawa-Carleton	13,627	3,609	17,236	38,740	23,480
Peel	9,009	2,714	11,723	14,217	15,536
Sudbury	8,561	2,200	10,762	10,919	6,773
Waterloo	6,172	2,394	8,566	15,269	11,601
York	3,247	1,424	4,671	7,341	8,193
Muskoka	706	409	1,115	2,503	981
Oxford	1,239	258	1,497	3,514	2,696
<i>Total</i>	78,335	29,510	107,845	181,673	119,312
<i>Counties</i>					
Brant	1,837	671	2,508	7,085	3,708
Bruce	620	338	958	3,202	1,747
Dufferin	326	161	487	2,074	638
Elgin	1,383	456	1,839	4,026	1,532
Essex	7,756	3,693	11,449	21,238	9,318
Frontenac	1,474	1,145	2,619	6,947	4,238
Grey	999	569	1,568	3,256	2,232
Haliburton	101	64	165	1,416	313
Hastings	2,023	571	2,594	6,059	2,752
Huron	632	266	898	3,722	1,604
Kent	2,148	786	2,934	4,846	2,457
Lambton	3,053	867	3,920	6,545	4,427
Lanark	450	309	759	3,153	986
Leeds and Grenville	1,104	480	1,584	2,418	2,028
Lennox and Addington	253	216	469	1,453	556
Middlesex	9,164	2,849	12,013	17,829	8,775
Northumberland	1,101	640	1,741	2,594	1,130
Perth	1,101	405	1,506	2,676	1,710
Peterborough	1,413	627	2,040	5,167	2,221
Prescott and Russell	324	248	572	3,679	1,167
Prince Edward	124	147	271	1,143	300
Renfrew	1,111	464	1,575	6,128	1,886
Simcoe	3,250	1,423	4,673	8,655	4,973
Stormont, Dundas and Glengarry	2,148	699	2,847	5,680	2,167
Victoria	264	254	518	2,267	1,051
Wellington	2,048	848	2,897	5,698	3,179
<i>Total</i>	46,207	19,196	65,403	138,956	67,095
<i>Districts</i>					
Algoma	3,386	1,098	4,484	10,170	4,270
Cochrane	1,535	790	2,325	7,922	3,310
Kenora	1,168	493	1,661	3,974	1,373
Manitoulin	37	36	73	990	256
Nipissing	2,322	425	2,747	5,612	2,359
Parry Sound	365	165	530	2,672	510
Rainy River	649	158	807	2,602	1,116
Sudbury	272	121	393	2,417	977
Thunder Bay	2,702	1,905	4,607	15,280	7,711
Timiskaming	1,303	293	1,596	3,194	1,376
<i>Total</i>	13,739	5,484	19,223	54,833	23,258
<b>PROVINCIAL TOTAL</b>	188,033	89,214	277,247	544,618	317,665

## Revenue Fund Expenditures—1975

Table 3  
(Concluded)

	Planning and Development	Total Expenditures	In Year Surplus (Deficit)
	\$000	\$000	\$000
<i>Metro</i>			
Metropolitan Toronto	18,604	820,208	(6,974)
<i>Regional Governments</i>			
Durham	2,951	84,088	(138)
Haldimand-Norfolk	1,392	22,656	527
Halton	1,227	63,662	(509)
Hamilton-Wentworth	5,033	147,168	7,719
Niagara	3,384	112,886	503
Ottawa-Carleton	6,429	206,516	(791)
Peel	2,919	103,484	1,560
Sudbury	1,560	61,406	28
Waterloo	2,564	89,121	3,037
York	1,663	53,754	71
Muskoka	355	13,504	410
Oxford	771	21,596	300
<i>Total</i>	30,248	979,841	12,717
<i>Counties</i>			
Brant	1,120	32,104	(533)
Bruce	536	16,748	257
Dufferin	200	7,687	(130)
Elgin	717	18,195	(260)
Essex	1,655	91,423	409
Frontenac	893	31,279	330
Grey	478	21,986	185
Haliburton	86	4,762	(64)
Hastings	569	29,012	309
Huron	961	16,991	351
Kent	1,369	29,507	79
Lambton	1,719	35,879	189
Lanark	438	11,907	92
Leeds and Grenville	418	18,281	207
Lennox and Addington	170	7,609	57
Middlesex	1,703	86,823	(1,917)
Northumberland	228	14,094	102
Perth	1,042	18,054	(419)
Peterborough	546	25,555	(227)
Prescott and Russell	268	14,536	(11)
Prince Edward	125	4,754	207
Renfrew	618	21,050	477
Simcoe	1,587	49,766	(404)
Stormont, Dundas and Glengarry	825	25,974	96
Victoria	468	11,521	240
Wellington	1,017	31,342	154
<i>Total</i>	19,756	676,842	(227)
<i>Districts</i>			
Algoma	1,335	38,851	697
Cochrane	474	28,801	(61)
Kenora	859	13,942	(132)
Manitoulin	41	2,600	(74)
Nipissing	437	23,124	(746)
Parry Sound	72	7,793	4
Rainy River	238	8,580	183
Sudbury	30	6,219	(113)
Thunder Bay	1,256	53,743	1,852
Timiskaming	523	13,196	40
<i>Total</i>	5,265	196,849	1,650
<b>PROVINCIAL TOTAL</b>	<b>73,873</b>	<b>2,673,740</b>	<b>7,166</b>

# Capital Fund Financing—1975

Table 4

	Own Funds	Own Purposes Long Term Borrowing	Enterprises Long Term Borrowing
<i>Metro</i>	\$000	\$000	\$000
Metropolitan Toronto	42,781	71,112	5,344
<i>Regional Governments</i>			
Durham	9,831	7,035	230
Haldimand-Norfolk	2,995	838	1,479
Halton	12,671	17,327	1,528
Hamilton-Wentworth	10,642	19,938	7,064
Niagara	10,901	14,308	6,637
Ottawa-Carleton	17,292	45,101	11,789
Peel	8,367	11,919	1,930
Sudbury	3,905	859	0
Waterloo	7,841	1,604	553
York	8,267	6,247	457
Muskoka	2,478	448	69
Oxford	2,789	857	0
<i>Total</i>	97,979	126,481	31,736
<i>Counties</i>			
Brant	2,923	1,534	314
Bruce	2,001	611	0
Dufferin	510	747	0
Elgin	1,258	2,357	0
Essex	3,034	17,340	403
Frontenac	1,909	3,396	298
Grey	2,812	1,665	232
Haliburton	535	0	0
Hastings	2,045	1,844	800
Huron	1,585	2,993	0
Kent	4,033	4,455	195
Lambton	2,784	5,101	274
Lanark	1,061	1,514	0
Leeds and Grenville	3,348	3,076	51
Lennox and Addington	896	1,210	17
Middlesex	7,219	6,206	377
Northumberland	1,735	614	657
Perth	2,834	1,556	0
Peterborough	2,587	1,438	1,460
Prescott and Russell	2,498	792	80
Prince Edward	530	89	294
Renfrew	1,659	1,784	895
Simcoe	7,369	4,058	985
Stormont, Dundas and Glengarry	2,132	2,201	1,526
Victoria	992	171	85
Wellington	5,222	4,280	1,547
<i>Total</i>	65,511	71,032	10,490
<i>Districts</i>			
Algoma	3,084	3,484	288
Cochrane	2,495	1,622	394
Kenora	1,765	609	39
Manitoulin	167	0	0
Nipissing	1,735	2,579	345
Parry Sound	495	171	0
Rainy River	1,928	202	0
Sudbury	591	1,392	83
Thunder Bay	6,421	4,733	1,380
Timiskaming	1,590	786	0
<i>Total</i>	20,271	15,578	2,529
<b>PROVINCIAL TOTAL</b>	226,542	284,203	50,099

# Capital Fund Financing—1975

Table 4  
(Concluded)

	Ontario Grants	Other Sources	Total Financing
	\$000	\$000	\$000
<i>Metro</i>			
Metropolitan Toronto	102,973	19,253	241,463
<i>Regional Governments</i>			
Durham	6,673	5,107	28,876
Haldimand-Norfolk	2,445	380	8,138
Halton	5,487	2,329	39,342
Hamilton-Wentworth	5,491	2,304	45,439
Niagara	5,892	4,907	42,645
Ottawa-Carleton	22,920	9,388	106,490
Peel	6,095	2,475	30,786
Sudbury	9,799	883	15,446
Waterloo	3,510	2,549	16,057
York	8,831	3,196	26,998
Muskoka	422	325	3,742
Oxford	2,388	957	6,991
<i>Total</i>	79,953	34,800	370,950
<i>Counties</i>			
Brant	2,243	928	7,942
Bruce	1,938	1,492	6,042
Dufferin	460	813	2,530
Elgin	2,215	434	6,264
Essex	7,006	3,721	31,504
Frontenac	2,131	687	8,421
Grey	3,518	668	8,895
Haliburton	1,093	51	1,679
Hastings	2,790	285	7,764
Huron	710	534	5,822
Kent	5,546	1,439	15,668
Lambton	1,926	1,861	11,946
Lanark	2,117	239	4,931
Leeds and Grenville	874	126	7,475
Lennox and Addington	1,426	203	3,752
Middlesex	3,852	1,792	19,446
Northumberland	2,461	356	5,823
Perth	1,439	357	6,186
Peterborough	2,860	297	8,642
Prescott and Russell	1,573	402	5,345
Prince Edward	344	47	1,304
Renfrew	2,208	904	7,450
Simcoe	3,548	735	16,695
Stormont, Dundas and Glengarry	7,197	4,633	17,689
Victoria	622	103	1,973
Wellington	4,052	1,135	16,236
<i>Total</i>	66,149	24,242	237,424
<i>Districts</i>			
Algoma	1,857	1,696	10,409
Cochrane	1,919	194	6,624
Kenora	1,266	494	4,173
Manitoulin	362	19	548
Nipissing	2,160	141	6,960
Parry Sound	442	117	1,225
Rainy River	1,200	208	3,538
Sudbury	1,162	87	3,315
Thunder Bay	7,744	5,529	25,807
Timiskaming	563	15	2,954
<i>Total</i>	18,675	8,500	65,553
<b>PROVINCIAL TOTAL</b>	267,750	86,795	915,390

## Composition of Capital Fund Financing—1975

Table 5

	Own Funds	Long Term Borrowing	Ontario Grants	Other Sources
	%	%	%	%
<i>Metro</i>				
Metropolitan Toronto	17.7	31.7	42.6	8.0
<i>Regional Governments</i>				
Durham	34.0	25.2	23.1	17.7
Haldimand-Norfolk	36.8	28.4	30.1	4.7
Halton	32.2	47.9	13.9	5.9
Hamilton-Wentworth	23.4	59.4	12.1	5.1
Niagara	25.6	49.1	13.8	11.5
Ottawa-Carleton	16.2	53.5	21.5	8.8
Peel	27.2	45.0	19.8	8.0
Sudbury	25.3	5.6	63.4	5.7
Waterloo	48.8	13.4	21.9	15.9
York	30.6	24.8	32.7	11.8
Muskoka	66.2	13.8	11.3	8.7
Oxford	39.9	12.3	34.1	13.7
<i>Average</i>	26.4	42.6	21.6	9.4
<i>Counties</i>				
Brant	36.8	23.3	28.2	11.7
Bruce	33.1	10.1	32.1	24.7
Dufferin	20.1	29.5	18.2	32.1
Elgin	20.1	37.7	35.4	7.0
Essex	9.6	56.3	22.2	11.8
Frontenac	22.7	43.9	25.3	8.1
Grey	31.6	21.3	39.6	7.5
Haliburton	31.8	0	65.1	3.1
Hastings	26.3	34.0	35.9	3.7
Huron	27.2	51.4	12.2	9.2
Kent	25.7	29.7	35.4	9.2
Lambton	23.3	45.0	16.1	15.6
Lanark	21.5	30.7	42.9	4.9
Leeds and Grenville	44.8	41.8	11.7	1.7
Lennox and Addington	23.9	32.7	38.0	5.4
Middlesex	37.1	33.8	19.8	9.2
Northumberland	29.8	21.8	42.3	6.1
Perth	45.8	25.1	23.3	5.8
Peterborough	29.9	33.5	33.2	3.4
Prescott and Russell	46.7	16.3	29.4	7.5
Prince Edward	40.6	29.4	26.4	3.6
Renfrew	22.3	36.0	29.6	12.1
Simcoe	44.1	30.2	21.3	4.4
Stormont, Dundas and Glengarry	12.1	21.0	40.7	26.2
Victoria	50.3	13.0	31.5	5.2
Wellington	32.2	35.9	24.9	7.0
<i>Average</i>	27.6	34.3	27.9	10.2
<i>Districts</i>				
Algoma	29.6	36.2	17.8	16.3
Cochrane	37.7	30.4	29.0	2.9
Kenora	42.3	15.5	30.3	11.8
Manitoulin	30.5	0	66.0	3.5
Nipissing	24.9	42.0	31.0	2.0
Parry Sound	40.4	14.0	36.0	9.6
Rainy River	54.5	5.7	33.9	5.9
Sudbury	17.8	44.5	35.1	2.6
Thunder Bay	24.9	23.7	30.0	21.4
Timiskaming	53.8	26.6	19.1	0.5
<i>Average</i>	30.9	27.6	28.5	13.0
PROVINCIAL AVERAGE	24.8	36.5	29.2	9.5



# Capital Fund Own Expenditures—1975

Table 6

	General Government	Protection	Transportation	Environment
	\$000	\$000	\$000	\$000
<i>Metro</i>				
Metropolitan Toronto	4,207	9,161	141,814	67,122
<i>Regional Governments</i>				
Durham	2,434	2,696	12,814	13,925
Haldimand-Norfolk	150	513	4,044	698
Halton	579	1,785	12,735	10,723
Hamilton-Wentworth	1,872	2,072	20,046	6,053
Niagara	352	1,723	12,772	14,501
Ottawa-Carleton	1,796	1,866	31,588	39,393
Peel	1,003	2,015	16,222	5,315
Sudbury	6,688	1,131	11,297	4,955
Waterloo	560	1,025	8,851	4,466
York	2,536	2,461	12,117	7,084
Muskoka	130	100	1,716	1,204
Oxford	553	447	4,227	576
<i>Total</i>	18,653	17,834	148,429	108,893
<i>Counties</i>				
Brant	29	202	4,640	1,840
Bruce	109	287	2,038	1,601
Dufferin	229	36	897	274
Elgin	44	430	3,236	1,640
Essex	2,694	489	8,344	12,634
Frontenac	729	461	3,266	4,137
Grey	36	44	5,139	495
Haliburton	15	76	1,283	0
Hastings	26	445	3,814	2,018
Huron	147	119	1,436	625
Kent	921	351	8,062	3,128
Lambton	43	919	2,872	2,076
Lanark	120	21	2,209	371
Leeds and Grenville	125	253	3,114	674
Lennox and Addington	110	320	999	330
Middlesex	35	1,033	8,752	7,921
Northumberland	16	241	3,561	1,799
Perth	124	200	3,213	435
Peterborough	21	123	4,653	764
Prescott and Russell	49	190	3,934	373
Prince Edward	1	46	494	332
Renfrew	86	181	3,136	1,117
Simcoe	240	707	7,657	2,966
Stormont, Dundas and Glengarry	5,176	157	4,710	1,234
Victoria	43	79	914	150
Wellington	65	933	7,034	1,387
<i>Total</i>	11,233	8,343	99,407	50,320
<i>Districts</i>				
Algoma	1,103	406	2,944	3,845
Cochrane	576	412	3,291	255
Kenora	44	140	1,570	1,570
Manitoulin	5	78	389	6
Nipissing	271	1,157	2,449	4,506
Parry Sound	36	182	480	473
Rainy River	1,271	20	1,670	279
Sudbury	42	17	676	1,263
Thunder Bay	435	1,105	4,581	11,306
Timiskaming	14	201	967	503
<i>Total</i>	3,797	3,718	19,017	24,006
<b>PROVINCIAL TOTAL</b>	37,890	39,056	408,667	250,341

# Capital Fund Own Expenditures—1975

Table 6  
(Concluded)

	Health and Social Services	Culture and Recreation	Planning and Development	Total Own Expenditures
	\$000	\$000	\$000	\$000
<i>Metro</i>				
Metropolitan Toronto	3,350	52,323	17,150	295,127
<i>Regional Governments</i>				
Durham	643	3,123	245	35,880
Haldimand-Norfolk	14	609	626	6,655
Halton	441	4,344	5	30,612
Hamilton-Wentworth	1,471	3,341	3,065	37,919
Niagara	526	4,641	2,338	36,853
Ottawa-Carleton	2,280	15,141	6,993	99,057
Peel	268	7,226	27	32,077
Sudbury	1,379	2,236	179	27,865
Waterloo	2,118	2,387	1,927	21,335
York	1,770	4,889	501	31,358
Muskoka	18	911	91	4,168
Oxford	380	731	2,390	9,304
<i>Total</i>	11,308	49,579	18,387	373,083
<i>Counties</i>				
Brant	22	798	1,502	9,032
Bruce	208	3,807	600	8,649
Dufferin	9	68	501	2,014
Elgin	42	277	1,110	6,777
Essex	183	4,719	1,721	30,784
Frontenac	290	621	325	9,829
Grey	319	724	398	7,154
Haliburton	35	398	2	1,809
Hastings	15	1,114	441	7,874
Huron	99	433	1,712	4,572
Kent	102	236	2,056	14,855
Lambton	49	796	3,520	10,276
Lanark	157	385	283	3,547
Leeds and Grenville	553	1,031	257	6,007
Lennox and Addington	1,149	1,616	68	4,592
Middlesex	11	1,346	2,552	21,650
Northumberland	36	576	178	6,407
Perth	43	1,282	1,728	7,025
Peterborough	680	829	413	7,483
Prescott and Russell	458	1,162	778	6,944
Prince Edward	96	23	53	1,046
Renfrew	346	1,296	490	6,652
Simcoe	778	3,072	827	16,245
Stormont, Dundas and Glengarry	109	536	3,274	15,196
Victoria	136	175	664	2,161
Wellington	448	1,854	2,763	14,484
<i>Total</i>	6,373	29,174	28,217	233,064
<i>Districts</i>				
Algoma	463	1,128	1,553	11,441
Cochrane	289	1,758	20	6,601
Kenora	245	1,135	373	5,078
Manitoulin	0	43	50	572
Nipissing	186	770	186	9,525
Parry Sound	25	303	0	1,500
Rainy River	57	284	23	3,604
Sudbury	31	1,408	8	3,446
Thunder Bay	658	2,660	1,767	22,512
Timiskaming	226	253	611	2,775
<i>Total</i>	2,180	9,742	4,591	67,054
<b>PROVINCIAL TOTAL</b>	23,211	140,818	68,345	968,328

# Capital Fund Transfers and Year End Balance—1975

Table 7

	Transfers to Municipal Enterprises	Total Capital Outlay	In Year Balance <sup>1</sup>	Accumulated Balance <sup>1</sup> at Year End
<i>Metro</i>	\$000	\$000	\$000	\$000
Metropolitan Toronto	5,344	300,471	(59,008)	(90,096)
<i>Regional Governments</i>				
Durham	230	36,110	(7,234)	(19,429)
Haldimand-Norfolk	1,479	8,134	4	(330)
Halton	1,528	32,140	7,204	(5,207)
Hamilton-Wentworth	7,064	44,983	456	18,899
Niagara	6,637	43,490	(845)	(19,524)
Ottawa-Carleton	11,789	110,846	(4,356)	(38,678)
Peel	1,930	34,007	(3,221)	(15,221)
Sudbury	0	27,865	(12,419)	(22,418)
Waterloo	553	21,888	(5,830)	(6,004)
York	457	31,815	(4,817)	(15,980)
Muskoka	69	4,237	(495)	(1,230)
Oxford	0	9,304	(2,313)	(6,106)
<i>Total</i>	31,736	404,819	(33,869)	(131,228)
<i>Counties</i>				
Brant	314	9,346	(1,404)	(2,061)
Bruce	0	8,649	(2,607)	(3,962)
Dufferin	0	2,014	516	78
Elgin	0	6,777	(513)	(4,141)
Essex	403	31,187	317	(18,490)
Frontenac	298	10,127	(1,704)	(5,812)
Grey	232	7,386	1,509	(1,684)
Haliburton	0	1,809	(130)	(130)
Hastings	800	8,674	(910)	(2,421)
Huron	0	4,572	1,250	(491)
Kent	195	15,050	618	(3,991)
Lambton	274	10,550	1,396	(3,310)
Lanark	0	3,547	1,384	(511)
Leeds and Grenville	51	6,058	1,417	(607)
Lennox and Addington	17	4,609	(857)	(1,567)
Middlesex	377	22,027	(2,581)	(6,765)
Northumberland	657	7,064	(1,241)	(1,902)
Perth	0	7,025	(839)	(1,270)
Peterborough	1,460	8,943	(301)	(2,263)
Prescott and Russell	80	7,024	(1,679)	(2,939)
Prince Edward	294	1,340	(36)	(107)
Renfrew	895	7,547	(97)	(3,308)
Simcoe	985	17,230	(535)	(6,667)
Stormont, Dundas and Glengarry	1,526	16,722	967	(4,627)
Victoria	85	2,246	(273)	(1,826)
Wellington	1,547	16,031	205	(3,610)
<i>Total</i>	10,490	243,554	(6,130)	(84,384)
<i>Districts</i>				
Algoma	288	11,729	(1,320)	(6,135)
Cochrane	394	6,995	(371)	(174)
Kenora	39	5,117	(944)	(1,991)
Manitoulin	0	572	(24)	(24)
Nipissing	345	9,870	(2,910)	(5,616)
Parry Sound	0	1,500	(275)	(1,817)
Rainy River	0	3,604	(66)	(222)
Sudbury	83	3,529	(214)	(356)
Thunder Bay	1,380	23,892	1,915	(3,708)
Timiskaming	0	2,775	181	(80)
<i>Total</i>	2,529	69,583	(4,030)	(20,123)
<b>PROVINCIAL TOTAL</b>	50,099	1,018,427	(103,037)	<b>\$(325,831)</b>

<sup>1</sup>Unfinanced expenditures are shown in brackets while unexpended financing is shown without brackets.

# Revenue Fund Revenues—1976

Table 8

	Taxation	Payments in Lieu of Taxes	Ontario Grants	Other Revenues	Total Revenue
	\$000	\$000	\$000	\$000	\$000
<i>Metro</i>					
Metropolitan Toronto	519,892	44,656	254,922	101,968	921,438
<i>Regional Governments</i>					
Durham	40,164	1,526	32,422	23,241	97,353
Haldimand-Norfolk	10,312	433	10,223	4,153	25,121
Halton	36,543	1,218	24,104	7,646	69,511
Hamilton-Wentworth	88,671	4,155	52,914	19,572	165,312
Niagara	61,557	3,768	45,216	13,843	124,384
Ottawa-Carleton	105,772	36,646	68,806	21,764	232,988
Peel	65,325	4,851	32,012	16,974	119,162
Sudbury	26,738	1,171	30,897	7,125	65,931
Waterloo	49,912	2,183	31,136	11,267	94,498
York	31,205	572	17,873	11,255	60,905
Muskoka	5,989	129	7,352	1,243	14,713
Oxford	11,689	281	8,682	3,178	23,830
<i>Total</i>	533,877	56,933	361,637	141,261	1,093,708
<i>Counties</i>					
Brant	14,107	573	12,083	6,054	32,817
Bruce	6,944	315	9,084	2,908	19,251
Dufferin	2,944	58	3,743	1,592	8,337
Elgin	8,188	344	8,012	3,144	19,688
Essex	55,505	3,237	29,267	11,745	99,754
Frontenac	14,298	2,268	13,285	4,649	34,500
Grey	9,548	402	10,572	3,274	23,796
Haliburton	1,535	121	2,218	558	4,432
Hastings	13,005	833	14,337	3,111	31,286
Huron	7,067	221	8,634	3,008	18,930
Kent	15,990	484	11,057	4,497	32,028
Lambton	21,433	777	12,384	6,617	41,211
Lanark	4,454	287	6,575	1,832	13,148
Leeds and Grenville	7,946	479	9,813	2,964	21,202
Lennox and Addington	2,589	351	3,815	1,401	8,156
Middlesex	45,646	4,091	34,559	8,978	93,274
Northumberland	6,527	701	6,540	2,222	15,990
Perth	9,563	305	7,167	2,340	19,375
Peterborough	14,571	661	10,825	3,226	29,283
Prescott and Russell	5,111	111	8,478	2,276	15,976
Prince Edward	1,908	82	2,786	658	5,434
Renfrew	7,753	1,365	11,316	3,015	23,449
Simcoe	27,001	992	17,995	8,077	54,065
Stormont, Dundas and Glengarry	11,913	824	13,644	3,300	29,681
Victoria	4,848	241	5,204	1,809	12,102
Wellington	16,610	1,036	12,702	3,264	33,612
<i>Total</i>	337,004	21,159	286,095	96,519	740,777
<i>Districts</i>					
Algoma	16,749	932	19,708	4,324	41,713
Cochrane	9,847	666	15,107	3,707	29,327
Kenora	5,665	420	7,279	3,084	16,448
Manitoulin	688	27	1,235	230	2,180
Nipissing	9,222	920	12,061	4,116	26,319
Parry Sound	2,595	69	4,125	967	7,756
Rainy River	2,746	132	4,240	1,946	9,064
Sudbury	1,952	64	2,730	709	5,455
Thunder Bay	23,994	1,957	26,915	6,563	59,429
Timiskaming	4,212	488	7,991	1,495	14,186
<i>Total</i>	77,670	5,675	101,391	27,141	211,877
<b>PROVINCIAL TOTAL</b>	<b>1,468,443</b>	<b>128,423</b>	<b>1,004,045</b>	<b>366,889</b>	<b>2,967,800</b>

## Composition of Revenue Fund Revenues—1976

Table 9

	Taxation	Payments in Lieu of Taxes	Ontario Grants	Other Revenues
	%	%	%	%
<i>Metro</i>				
Metropolitan Toronto	56.4	4.8	27.7	11.1
<i>Regional Governments</i>				
Durham	41.2	1.6	33.3	23.9
Haldimand-Norfolk	41.0	1.7	40.8	16.5
Halton	52.5	1.8	34.7	11.0
Hamilton-Wentworth	53.6	2.5	32.0	11.9
Niagara	49.5	3.0	36.3	11.2
Ottawa-Carleton	45.4	15.7	29.5	9.4
Peel	54.8	4.1	26.9	14.2
Sudbury	40.6	1.8	46.8	10.8
Waterloo	52.8	2.3	33.0	11.9
York	51.3	0.9	29.3	18.5
Muskoka	40.7	0.9	50.0	8.4
Oxford	49.1	1.2	36.4	13.3
<i>Average</i>	48.8	5.2	33.1	12.9
<i>Counties</i>				
Brant	42.9	1.7	36.8	18.6
Bruce	35.7	1.6	46.7	16.0
Dufferin	34.9	0.7	44.5	19.9
Elgin	41.5	1.7	40.5	16.3
Essex	55.5	3.2	29.2	12.1
Frontenac	41.4	6.6	38.5	13.5
Grey	39.8	1.7	44.1	14.4
Haliburton	34.6	2.7	50.1	12.6
Hastings	41.3	2.6	45.5	10.6
Huron	36.9	1.2	45.1	16.8
Kent	49.5	1.5	34.2	14.8
Lambton	51.8	1.9	30.0	16.3
Lanark	33.7	2.2	49.7	14.4
Leeds and Grenville	37.4	2.3	46.1	14.2
Lennox and Addington	31.5	4.3	46.4	17.8
Middlesex	48.9	4.4	37.0	9.7
Northumberland	40.4	4.3	40.6	14.7
Perth	49.0	1.6	36.8	12.6
Peterborough	49.7	2.3	36.9	11.1
Prescott and Russell	31.6	0.7	52.5	15.2
Prince Edward	34.7	1.5	50.7	13.1
Renfrew	32.9	5.8	47.9	13.4
Simcoe	49.6	1.8	33.0	15.6
Stormont, Dundas and Glengarry	39.8	2.8	45.5	11.9
Victoria	39.8	2.0	42.8	15.4
Wellington	49.2	3.1	37.7	10.0
<i>Average</i>	45.3	2.8	38.4	13.5
<i>Districts</i>				
Algoma	40.1	2.2	47.3	10.4
Cochrane	33.2	2.2	51.0	13.6
Kenora	34.4	2.6	44.2	18.8
Manitoulin	31.4	1.3	56.3	11.0
Nipissing	35.0	3.5	45.7	15.8
Parry Sound	33.4	0.9	53.2	12.5
Rainy River	29.9	1.4	46.3	22.4
Sudbury	35.8	1.2	50.0	13.0
Thunder Bay	40.3	3.3	45.3	11.1
Timiskaming	29.5	3.4	56.0	11.1
<i>Average</i>	36.5	2.7	47.7	13.1
PROVINCIAL AVERAGE	49.4	4.3	33.8	12.5



## Revenue Fund Expenditures—1976

Table 10

	General Government	Protection			Total
		Fire	Police	Other	
	\$000	\$000	\$000	\$000	\$000
<i>Metro</i>					
Metropolitan Toronto	82,899	68,070	136,427	19,985	224,482
<i>Regional Governments</i>					
Durham	10,112	6,195	8,511	2,851	17,557
Haldimand-Norfolk	3,331	930	2,147	850	3,927
Halton	6,698	3,703	7,193	5,579	16,475
Hamilton-Wentworth	23,369	10,412	19,508	4,158	34,078
Niagara	12,028	7,847	13,762	2,233	23,842
Ottawa-Carleton	30,128	15,793	21,738	4,265	41,796
Peel	11,287	8,253	14,732	5,222	28,207
Sudbury	7,932	3,150	5,984	1,318	10,452
Waterloo	12,280	8,139	11,012	4,271	23,422
York	6,639	2,589	7,276	2,383	12,248
Muskoka	1,738	346	0	190	536
Oxford	2,617	1,443	1,971	524	3,938
<i>Total</i>	128,159	68,800	113,834	33,844	216,478
<i>Counties</i>					
Brant	3,078	2,749	3,502	1,381	7,632
Bruce	2,162	401	674	563	1,638
Dufferin	770	182	503	245	930
Elgin	1,760	1,126	1,215	714	3,055
Essex	10,695	7,572	13,097	2,113	22,782
Frontenac	3,956	2,400	2,744	859	6,003
Grey	2,087	1,219	1,144	1,016	3,379
Haliburton	606	133	0	61	194
Hastings	2,428	1,927	2,544	1,241	5,712
Huron	1,708	384	731	714	1,829
Kent	3,741	1,824	2,586	1,438	5,848
Lambton	3,999	2,483	3,025	1,615	7,123
Lanark	1,349	387	744	161	1,292
Leeds and Grenville	1,759	1,098	1,403	398	2,899
Lennox and Addington	936	334	214	588	1,136
Middlesex	9,388	7,531	10,301	2,276	20,108
Northumberland	1,758	655	895	710	2,260
Perth	1,722	1,160	1,611	551	3,322
Peterborough	3,449	2,583	2,581	892	6,056
Prescott and Russell	2,023	435	326	140	901
Prince Edward	572	187	202	248	637
Renfrew	2,357	1,314	1,207	130	2,651
Simcoe	7,841	3,000	4,036	1,720	8,756
Stormont, Dundas and Glengarry	3,021	1,525	1,831	745	4,101
Victoria	1,292	478	556	173	1,207
Wellington	3,357	2,516	2,943	1,734	7,193
<i>Total</i>	77,814	45,603	60,615	22,426	128,644
<i>Districts</i>					
Algoma	4,682	2,716	3,796	1,082	7,594
Cochrane	2,706	1,834	1,952	619	4,405
Kenora	1,661	764	954	105	1,823
Manitoulin	343	74	0	35	109
Nipissing	3,363	1,923	3,129	330	5,382
Parry Sound	1,280	250	181	84	515
Rainy River	1,157	418	885	37	1,340
Sudbury	861	183	231	51	465
Thunder Bay	4,846	4,091	4,876	1,068	10,035
Timiskaming	1,507	728	668	74	1,470
<i>Total</i>	22,406	12,981	16,672	3,485	33,138
<b>PROVINCIAL TOTAL</b>	311,278	\$195,454	327,548	79,740	602,742

## Revenue Fund Expenditures—1976

Table 10  
(Cont.)

	Transportation			Total
	Roads	Transit	Other	
	\$000	\$000	\$000	\$000
<i>Metro</i>				
Metropolitan Toronto	84,093	60,263	26,289	170,645
<i>Regional Governments</i>				
Durham	15,057	1,284	3,426	19,767
Haldimand-Norfolk	7,495	0	421	7,916
Halton	13,976	2,350	1,499	17,825
Hamilton-Wentworth	20,293	4,775	4,899	29,967
Niagara	22,827	1,755	4,481	29,063
Ottawa-Carleton	37,315	15,184	6,733	59,232
Peel	18,030	4,207	3,025	25,262
Sudbury	12,294	1,225	1,257	14,776
Waterloo	14,210	2,703	3,352	20,265
York	13,680	745	1,212	15,637
Muskoka	6,424	0	229	6,653
Oxford	5,769	271	894	6,934
<i>Total</i>	187,370	34,499	31,428	253,297
<i>Counties</i>				
Brant	5,513	694	557	6,764
Bruce	7,506	0	253	7,759
Dufferin	2,695	0	116	2,811
Elgin	5,264	284	513	6,061
Essex	14,454	1,681	3,327	19,462
Frontenac	6,316	832	617	7,765
Grey	7,635	51	437	8,123
Haliburton	2,088	0	54	2,142
Hastings	8,471	257	585	9,313
Huron	6,200	0	333	6,533
Kent	7,336	474	946	8,756
Lambton	8,852	611	1,020	10,483
Lanark	3,873	0	242	4,115
Leeds and Grenville	7,571	0	639	8,210
Lennox and Addington	2,176	0	335	2,511
Middlesex	15,980	1,933	3,031	20,944
Northumberland	5,108	30	279	5,417
Perth	4,999	280	547	5,826
Peterborough	7,047	702	644	8,393
Prescott and Russell	6,513	0	214	6,727
Prince Edward	1,632	0	60	1,692
Renfrew	6,275	0	523	6,798
Simcoe	13,194	428	1,925	15,548
Stormont, Dundas and Glengarry	8,300	310	725	9,335
Victoria	4,151	25	238	4,414
Wellington	7,436	350	852	8,638
<i>Total</i>	176,585	8,942	19,013	204,540
<i>Districts</i>				
Algoma	6,903	1,161	741	8,805
Cochrane	5,102	963	1,711	7,776
Kenora	2,529	2	373	2,904
Manitoulin	802	0	29	831
Nipissing	4,497	395	368	5,260
Parry Sound	2,714	0	120	2,834
Rainy River	1,783	49	286	2,118
Sudbury	1,406	0	108	1,514
Thunder Bay	8,311	1,831	1,489	11,631
Timiskaming	4,184	84	290	4,558
<i>Total</i>	38,231	4,485	5,515	48,231
<b>PROVINCIAL TOTAL</b>	486,279	108,189	82,245	676,713

# Revenue Fund Expenditures—1976

Table 10  
(Cont.)

	Environment			Health and Social	Culture and Recreation
	Sewers	Solid Waste	Total		
	\$000	\$000	\$000	\$000	\$000
<i>Metro</i>					
Metropolitan Toronto	54,363	40,030	94,393	188,880	124,075
<i>Regional Governments</i>					
Durham	12,594	3,159	15,753	17,741	12,236
Haldimand-Norfolk	483	754	1,237	5,693	2,600
Halton	5,449	1,824	7,273	9,536	10,530
Hamilton-Wentworth	11,578	7,069	18,647	34,769	18,146
Niagara	12,500	4,580	17,080	26,182	13,050
Ottawa-Carleton	15,970	3,723	19,693	42,563	26,641
Peel	10,770	3,588	14,358	16,094	18,285
Sudbury	9,363	1,776	11,139	11,391	8,120
Waterloo	6,233	3,313	9,546	15,165	13,175
York	5,055	1,688	6,743	8,326	9,408
Muskoka	873	528	1,401	2,634	1,095
Oxford	1,116	800	1,916	3,962	3,119
<i>Total</i>	91,984	32,802	124,786	194,054	136,405
<i>Counties</i>					
Brant	1,624	350	1,974	7,445	4,569
Bruce	803	499	1,302	3,228	2,379
Dufferin	396	155	551	2,281	763
Elgin	1,199	515	1,714	4,310	1,682
Essex	9,421	3,899	13,320	22,087	11,318
Frontenac	1,831	1,373	3,204	7,655	4,571
Grey	1,409	646	2,055	4,473	2,531
Haliburton	61	82	143	985	397
Hastings	3,053	668	3,721	6,418	2,939
Huron	1,362	327	1,689	4,178	1,631
Kent	2,400	821	3,221	5,624	3,039
Lambton	3,665	1,047	4,712	7,323	4,952
Lanark	655	359	1,014	3,301	1,274
Leeds and Grenville	1,540	528	2,068	3,726	2,304
Lennox and Addington	370	249	619	1,889	809
Middlesex	9,974	3,014	12,988	18,716	10,364
Northumberland	1,191	623	1,814	3,270	1,406
Perth	1,499	397	1,896	2,288	2,049
Peterborough	1,763	723	2,486	5,411	2,501
Prescott and Russell	526	258	784	3,507	1,578
Prince Edward	177	154	331	1,547	479
Renfrew	1,277	593	1,870	6,987	2,423
Simcoe	4,487	1,649	6,136	8,634	5,743
Stormont, Dundas and Glengarry	2,244	766	3,010	6,041	4,189
Victoria	393	318	711	2,528	1,246
Wellington	2,207	910	3,117	5,836	4,447
<i>Total</i>	55,527	20,923	76,450	149,688	81,583
<i>Districts</i>					
Algoma	3,542	1,143	4,685	9,325	5,142
Cochrane	1,972	910	2,882	7,312	3,530
Kenora	1,323	528	1,851	4,712	2,055
Manitoulin	143	34	177	369	269
Nipissing	2,522	447	2,969	5,933	2,829
Parry Sound	351	196	547	2,118	675
Rainy River	626	180	806	2,546	1,241
Sudbury	336	150	486	1,168	974
Thunder Bay	3,745	1,744	5,489	15,272	9,491
Timiskaming	1,778	357	2,135	2,834	1,630
<i>Total</i>	16,338	5,689	22,027	51,589	27,836
<b>PROVINCIAL TOTAL</b>	218,212	99,444	317,656	584,211	369,899

# Revenue Fund Expenditures—1976

Table 10  
(Concluded)

	Planning and Development	Total Expenditures	In Year Surplus (Deficit)
<i>Metro</i>	\$000	\$000	\$000
Metropolitan Toronto	18,717	904,091	17,347
<i>Regional Governments</i>			
Durham	3,880	97,046	307
Haldimand-Norfolk	1,262	25,965	(844)
Halton	1,421	69,759	(248)
Hamilton-Wentworth	4,869	163,845	1,467
Niagara	3,606	124,850	(466)
Ottawa-Carleton	7,505	227,558	5,430
Peel	3,419	116,912	2,250
Sudbury	2,063	65,873	58
Waterloo	2,672	96,525	(2,027)
York	2,129	61,130	(225)
Muskoka	388	14,445	268
Oxford	1,136	23,622	208
<i>Total</i>	34,350	1,087,530	6,178
<i>Counties</i>			
Brant	1,231	32,693	124
Bruce	738	19,206	45
Dufferin	322	8,428	(91)
Elgin	833	19,415	273
Essex	2,058	101,722	(1,968)
Frontenac	1,259	34,413	87
Grey	636	23,284	512
Haliburton	90	4,557	(125)
Hastings	1,192	31,723	(437)
Huron	1,315	18,883	47
Kent	1,420	31,649	379
Lambton	2,492	41,084	127
Lanark	478	12,822	326
Leeds and Grenville	690	21,656	(454)
Lennox and Addington	190	8,090	66
Middlesex	2,702	95,210	(1,936)
Northumberland	435	16,360	(370)
Perth	1,207	18,310	1,065
Peterborough	725	29,021	262
Prescott and Russell	505	16,025	(49)
Prince Edward	128	5,386	48
Renfrew	739	23,825	(376)
Simcoe	1,418	54,076	(11)
Stormont, Dundas and Glengarry	1,116	30,812	(1,131)
Victoria	504	11,903	199
Wellington	1,039	33,627	(15)
<i>Total</i>	25,462	744,180	(3,403)
<i>Districts</i>			
Algoma	1,272	41,505	208
Cochrane	463	29,074	253
Kenora	775	15,781	667
Manitoulin	122	2,220	(40)
Nipissing	574	26,310	9
Parry Sound	88	8,057	(301)
Rainy River	157	9,366	(302)
Sudbury	30	5,497	(42)
Thunder Bay	1,820	58,584	845
Timiskaming	474	14,608	(422)
<i>Total</i>	5,775	211,002	875
<b>PROVINCIAL TOTAL</b>	<b>84,304</b>	<b>2,946,803</b>	<b>20,997</b>

# Capital Fund Financing—1976

Table 11

	Own Funds	Own Purposes Long Term Borrowing	Municipal Enterprises Long Term Borrowing
<i>Metro</i>	\$000	\$000	\$000
Metropolitan Toronto	40,823	150,476	40,139
<i>Regional Governments</i>			
Durham	14,316	21,681	534
Haldimand-Norfolk	2,796	1,255	1,606
Halton	9,799	11,668	869
Hamilton-Wentworth	15,271	18,904	2,592
Niagara	13,603	22,405	5,418
Ottawa-Carleton	16,217	47,821	16,749
Peel	12,816	32,711	3,698
Sudbury	4,227	17,619	2,682
Waterloo	10,136	10,035	2,637
York	8,828	13,048	1,302
Muskoka	2,830	1,086	0
Oxford	2,546	5,319	1,128
<i>Total</i>	113,385	203,552	39,215
<i>Counties</i>			
Brant	3,279	547	0
Bruce	2,045	1,967	676
Dufferin	781	667	0
Elgin	1,005	4,258	55
Essex	3,076	25,215	50
Frontenac	2,572	4,174	878
Grey	2,040	1,729	644
Haliburton	452	144	0
Hastings	1,954	667	314
Huron	2,054	2,242	100
Kent	3,208	4,637	238
Lambton	2,839	4,718	55
Lanark	1,051	182	0
Leeds and Grenville	3,122	1,673	0
Lennox and Addington	1,164	763	0
Middlesex	8,659	15,763	80
Northumberland	1,703	601	1,154
Perth	2,512	1,936	59
Peterborough	1,746	1,776	1,053
Prescott and Russell	2,954	1,687	132
Prince Edward	708	96	6
Renfrew	2,392	621	246
Simcoe	7,551	5,121	2,412
Stormont, Dundas and Glengarry	4,228	2,788	1,280
Victoria	1,643	1,039	0
Wellington	3,880	3,815	614
<i>Total</i>	68,618	88,826	10,046
<i>Districts</i>			
Algoma	2,857	2,878	0
Cochrane	2,040	1,828	495
Kenora	1,721	443	0
Manitoulin	220	5	0
Nipissing	1,322	3,066	0
Parry Sound	595	317	0
Rainy River	1,524	10	0
Sudbury	604	419	0
Thunder Bay	7,468	2,827	1,917
Timiskaming	1,462	612	0
<i>Total</i>	19,813	12,405	2,412
PROVINCIAL TOTAL	242,639	455,260	91,812



# Capital Fund Financing—1976

Table 11  
(Concluded)

	Ontario Grants	Other Sources	Total Financing
<i>Metro</i>	\$000	\$000	\$000
Metropolitan Toronto	107,753	21,198	360,389
<i>Regional Governments</i>			
Durham	5,365	6,469	48,365
Haldimand-Norfolk	2,415	356	8,428
Halton	3,547	1,974	27,857
Hamilton-Wentworth	5,491	3,139	45,397
Niagara	7,492	4,782	53,700
Ottawa-Carleton	17,844	10,341	108,972
Peel	11,262	2,195	62,682
Sudbury	6,549	1,391	32,468
Waterloo	7,051	2,057	31,915
York	7,000	4,739	34,917
Muskoka	470	402	4,788
Oxford	2,261	1,160	12,414
<i>Total</i>	76,747	39,005	471,904
<i>Counties</i>			
Brant	3,834	1,805	9,465
Bruce	1,877	2,379	8,944
Dufferin	234	255	1,937
Elgin	2,658	959	8,935
Essex	8,311	1,532	38,184
Frontenac	1,650	303	9,577
Grey	2,843	359	7,615
Haliburton	971	85	1,652
Hastings	3,643	647	7,225
Huron	1,111	585	6,092
Kent	3,887	1,861	13,831
Lambton	1,558	2,906	12,076
Lanark	2,210	607	4,050
Leeds and Grenville	1,943	453	7,191
Lennox and Addington	1,187	280	3,394
Middlesex	4,848	3,091	32,436
Northumberland	2,244	1,539	7,241
Perth	1,356	667	6,530
Peterborough	2,348	602	7,525
Prescott and Russell	3,217	349	8,339
Prince Edward	273	6	1,089
Renfrew	2,580	286	6,125
Simcoe	4,316	1,466	20,867
Stormont, Dundas and Glengarry	7,806	4,696	20,800
Victoria	1,572	244	4,499
Wellington	2,743	1,152	12,204
<i>Total</i>	71,218	29,114	267,823
<i>Districts</i>			
Algoma	3,486	1,356	10,578
Cochrane	3,451	1,621	9,435
Kenora	2,014	461	4,639
Manitoulin	335	37	597
Nipissing	2,103	898	7,389
Parry Sound	1,159	229	2,300
Rainy River	1,332	50	2,915
Sudbury	1,153	158	2,335
Thunder Bay	12,579	11,286	36,078
Timiskaming	831	52	2,955
<i>Total</i>	28,443	16,148	79,221
<b>PROVINCIAL TOTAL</b>	284,161	105,465	1,179,337

## Composition of Capital Fund Financing—1976

Table 12

	Own Funds	Long Term Borrowing	Ontario Grants	Other Sources
	%	%	%	%
<i>Metro</i>				
Metropolitan Toronto	11.3	52.7	29.8	6.2
<i>Regional Governments</i>				
Durham	29.5	45.8	11.1	13.6
Haldimand-Norfolk	33.1	33.8	28.6	4.5
Halton	35.1	44.9	12.7	7.3
Hamilton-Wentworth	33.5	47.2	12.1	7.2
Niagara	25.1	51.4	13.9	9.6
Ottawa-Carleton	14.6	58.0	16.0	11.4
Peel	20.2	57.5	17.8	4.5
Sudbury	13.0	62.5	20.2	4.3
Waterloo	31.8	39.7	22.1	6.4
York	25.1	40.9	19.9	14.1
Muskoka	59.1	22.7	9.8	8.4
Oxford	20.4	51.7	18.1	9.8
<i>Average</i>	23.8	51.0	16.1	9.1
<i>Counties</i>				
Brant	34.6	5.8	40.5	19.1
Bruce	22.4	29.0	20.6	28.0
Dufferin	40.3	34.4	12.1	13.2
Elgin	11.2	48.0	29.6	11.2
Essex	8.0	66.1	21.7	4.2
Frontenac	26.0	51.1	16.7	6.2
Grey	26.6	30.9	37.0	5.5
Haliburton	27.3	8.7	58.8	5.2
Hastings	26.7	13.4	49.7	10.2
Huron	33.6	38.3	18.2	9.9
Kent	23.0	35.0	27.9	14.1
Lambton	23.0	38.6	12.6	25.8
Lanark	26.0	4.5	54.5	15.0
Leeds and Grenville	43.4	23.2	27.0	6.4
Lennox and Addington	34.2	22.4	34.8	8.6
Middlesex	26.6	48.7	14.9	9.8
Northumberland	22.9	23.6	30.2	23.3
Perth	38.0	30.2	20.5	11.3
Peterborough	23.2	37.6	31.2	8.0
Prescott and Russell	34.7	21.3	37.8	6.2
Prince Edward	65.0	9.4	25.0	0.6
Renfrew	37.0	13.4	39.9	9.7
Simcoe	36.1	36.0	20.7	7.2
Stormont, Dundas and Glengarry	20.3	19.6	37.5	22.6
Victoria	36.5	23.1	34.9	5.5
Wellington	31.6	36.1	22.3	10.0
<i>Average</i>	25.4	36.6	26.4	11.6
<i>Districts</i>				
Algoma	27.0	27.2	33.0	12.8
Cochrane	21.6	24.6	36.6	17.2
Kenora	37.1	9.5	43.4	10.0
Manitoulin	36.9	0.8	56.1	6.2
Nipissing	17.9	41.5	28.5	12.1
Parry Sound	25.8	13.8	50.4	10.0
Rainy River	52.3	0.4	45.7	1.6
Sudbury	25.9	17.9	49.4	6.8
Thunder Bay	20.7	13.2	34.9	31.2
Timiskaming	49.5	20.7	28.1	1.7
<i>Average</i>	25.0	18.7	35.9	20.4
PROVINCIAL AVERAGE	20.5	46.1	23.9	9.5

## Capital Fund Own Expenditures—1976

Table 13

	General Government	Protection	Transportation	Environment
<i>Metro</i>	\$000	\$000	\$000	\$000
Metropolitan Toronto	9,811	10,338	151,114	72,336
<i>Regional Governments</i>				
Durham	1,867	1,766	9,839	20,802
Haldimand-Norfolk	504	653	3,541	37
Halton	240	2,428	11,171	12,976
Hamilton-Wentworth	3,776	6,896	11,678	5,462
Niagara	275	833	14,139	14,530
Ottawa-Carleton	477	1,549	23,149	18,611
Peel	876	1,218	21,159	5,439
Sudbury	5,970	1,799	7,835	2,239
Waterloo	632	756	12,362	4,973
York	418	413	11,644	2,872
Muskoka	36	27	2,043	1,583
Oxford	258	150	3,772	967
<i>Total</i>	15,329	18,488	132,332	90,491
<i>Counties</i>				
Brant	18	506	5,609	1,964
Bruce	107	91	2,439	1,621
Dufferin	2	200	930	397
Elgin	293	207	2,133	426
Essex	489	461	11,405	8,284
Frontenac	405	355	2,647	1,193
Grey	77	262	3,537	121
Haliburton	7	51	1,182	3
Hastings	36	288	3,905	2,246
Huron	41	89	1,467	1,212
Kent	2,688	1,018	4,971	3,051
Lambton	347	656	2,517	3,093
Lanark	133	132	1,674	268
Leeds and Grenville	212	229	2,900	1,332
Lennox and Addington	277	125	996	538
Middlesex	75	512	14,425	5,090
Northumberland	200	118	3,902	1,166
Perth	39	261	2,052	426
Peterborough	122	338	3,025	1,150
Prescott and Russell	180	110	3,799	136
Prince Edward	50	65	338	705
Renfrew	167	187	2,958	340
Simcoe	379	664	6,548	3,877
Stormont, Dundas and Glengarry	6,960	302	4,280	672
Victoria	44	133	2,113	656
Wellington	84	342	4,977	1,269
<i>Total</i>	13,432	7,702	96,731	41,236
<i>Districts</i>				
Algoma	315	382	3,328	879
Cochrane	110	387	4,052	1,617
Kenora	49	108	806	644
Manitoulin	10	99	301	3
Nipissing	1,236	259	2,453	2,924
Parry Sound	115	117	846	121
Rainy River	857	101	1,116	144
Sudbury	411	72	548	191
Thunder Bay	617	829	5,131	22,570
Timiskaming	84	132	1,010	498
<i>Total</i>	3,804	2,486	19,592	29,591
<b>PROVINCIAL TOTAL</b>	42,376	39,014	399,769	233,654

# Capital Fund Own Expenditures—1976

Table 13  
(Concluded)

	Health and Social Services	Culture and Recreation	Planning and Development	Total Own Expenditures
	\$000	\$000	\$000	\$000
<i>Metro</i>				
Metropolitan Toronto	6,424	41,429	3,963	295,415
<i>Regional Governments</i>				
Durham	97	4,346	1,635	40,352
Haldimand-Norfolk	11	499	743	5,988
Halton	525	2,975	13	30,328
Hamilton-Wentworth	486	2,633	4,641	35,572
Niagara	916	4,684	1,543	36,920
Ottawa-Carleton	2,337	9,439	6,086	61,648
Peel	147	9,854	264	38,957
Sudbury	563	1,914	1,582	21,902
Waterloo	458	2,466	2,377	24,024
York	1,680	2,893	354	20,274
Muskoka	1	1,112	289	5,091
Oxford	1,555	1,473	2,643	10,818
<i>Total</i>	8,776	44,288	22,170	331,874
<i>Counties</i>				
Brant	218	324	998	9,637
Bruce	88	2,050	899	7,295
Dufferin	87	79	457	2,152
Elgin	1,489	323	1,023	5,894
Essex	430	2,430	3,061	26,560
Frontenac	26	1,521	928	7,075
Grey	360	1,633	182	6,172
Haliburton	4	228	0	1,475
Hastings	75	1,902	526	8,978
Huron	491	1,028	2,007	6,335
Kent	388	453	2,248	14,817
Lambton	97	933	4,101	11,744
Lanark	988	518	480	4,193
Leeds and Grenville	1,274	1,311	742	8,000
Lennox and Addington	123	739	222	3,020
Middlesex	44	1,623	3,488	25,257
Northumberland	9	2,008	148	7,552
Perth	153	559	2,075	5,565
Peterborough	327	1,418	428	6,808
Prescott and Russell	1,518	685	1,136	7,564
Prince Edward	434	96	41	1,729
Renfrew	203	971	355	5,181
Simcoe	584	2,193	2,559	16,804
Stormont, Dundas and Glengarry	17	2,073	5,169	19,474
Victoria	135	375	567	4,023
Wellington	414	1,936	1,544	10,566
<i>Total</i>	9,976	29,409	35,384	233,870
<i>Districts</i>				
Algoma	762	1,087	7,313	14,066
Cochrane	176	594	1,583	8,519
Kenora	543	1,782	324	4,256
Manitoulin	7	152	41	613
Nipissing	323	979	158	8,332
Parry Sound	80	310	0	1,589
Rainy River	40	712	17	2,987
Sudbury	138	1,006	28	2,395
Thunder Bay	707	2,677	2,912	35,443
Timiskaming	172	547	494	2,937
<i>Total</i>	2,948	9,846	12,870	81,137
PROVINCIAL TOTAL	28,124	124,972	74,387	942,296

# Capital Fund Transfers and Year End Balance—1976

Table 14

	Transfers to Municipal Enterprises	Total Capital Outlay	in Year Balance <sup>1</sup>	Accumulated Balance <sup>1</sup> at Year End
	\$000	\$000	\$000	\$000
<i>Metro</i>				
Metropolitan Toronto	40,139	335,554	24,835	(67,724)
<i>Regional Governments</i>				
Durham	534	40,886	7,479	(11,950)
Haldimand-Norfolk	1,606	7,594	834	504
Halton	869	31,197	(3,340)	(8,547)
Hamilton-Wentworth	2,592	38,164	7,233	26,132
Niagara	5,418	42,338	11,362	(8,163)
Ottawa-Carleton	16,749	78,397	30,575	(8,103)
Peel	3,698	42,655	20,027	4,806
Sudbury	2,682	24,584	7,884	(14,534)
Waterloo	2,637	26,661	5,254	750
York	1,302	21,576	13,341	(2,640)
Muskoka	0	5,091	(303)	(1,533)
Oxford	1,128	11,946	468	(5,638)
<i>Total</i>	39,215	371,089	100,816	(28,916)
<i>Counties</i>				
Brant	0	9,637	(172)	(2,233)
Bruce	676	7,971	973	(2,989)
Dufferin	0	2,152	(215)	(137)
Elgin	55	5,949	2,986	(1,155)
Essex	50	26,610	11,574	(6,916)
Frontenac	878	7,953	1,624	(4,188)
Grey	644	6,816	799	(886)
Haliburton	0	1,475	177	47
Hastings	314	9,292	(2,067)	(4,488)
Huron	100	6,435	(343)	(834)
Kent	238	15,055	(1,224)	(5,215)
Lambton	55	11,799	277	(3,033)
Lanark	0	4,193	(143)	(654)
Leeds and Grenville	0	8,000	(809)	(1,416)
Lennox and Addington	0	3,020	374	(1,193)
Middlesex	80	25,337	7,099	334
Northumberland	1,154	8,706	(1,465)	(3,367)
Perth	59	5,624	906	(364)
Peterborough	1,053	7,861	(336)	(2,599)
Prescott and Russell	132	7,696	643	(2,296)
Prince Edward	6	1,735	(646)	(753)
Renfrew	246	5,427	698	(2,610)
Simcoe	2,412	19,216	1,652	(5,015)
Stormont, Dundas and Glengarry	1,280	20,754	46	(4,581)
Victoria	0	4,023	476	(1,350)
Wellington	614	11,180	1,024	(2,586)
<i>Total</i>	10,046	243,916	23,907	(60,477)
<i>Districts</i>				
Algoma	0	14,066	(3,489)	(9,624)
Cochrane	495	9,014	421	247
Kenora	0	4,256	383	(1,608)
Manitoulin	0	613	(16)	(40)
Nipissing	0	8,332	(943)	(6,559)
Parry Sound	0	1,589	711	(1,106)
Rainy River	0	2,987	(72)	(294)
Sudbury	0	2,395	(60)	(416)
Thunder Bay	1,197	37,360	(1,282)	(4,990)
Timiskaming	0	2,937	19	(61)
<i>Total</i>	2,412	83,549	(4,328)	(24,451)
<b>PROVINCIAL TOTAL</b>	<b>91,812</b>	<b>1,034,108</b>	<b>145,230</b>	<b>(181,568)</b>

<sup>1</sup> Unfinanced expenditures are shown in brackets while unexpended financing is shown without brackets.



## APPENDICES

APPENDIX A: Local Government Finance in Ontario

APPENDIX B: Local Government Financial Reporting

APPENDIX C: Classification by Types of Municipality and  
Economic Regions

APPENDIX D: Municipal Employees, 1975 and 1976

APPENDIX E: Average Gross Residential Property Taxes per  
Household, 1976 and Estimated 1977



# Appendix A: Local Government Finance in Ontario

## 1. Local Government Structure

Local government in Ontario includes municipalities, school boards and other local boards. There are 837 municipalities, which range from Metropolitan Toronto, with a population of 2.1 million, to Cockburn Island with a permanent population of 1 plus about 100 summer residents. There are 194 school boards and around 2,000 other local boards and commissions.

Legally, all local governments come under the jurisdiction of the Province which has the authority to create them and to define their powers and functions. Equally, the Province has the power to dissolve them, alter their boundaries, and revoke or expand their powers. Dependence upon Provincial statutes is all the more pronounced because the courts have held that a province cannot delegate broad general authority to local governments. Municipalities therefore require specific authority from the Provincial statutes for their every action. The main Provincial statutes which regulate the activities of local governments are The Municipal Act, the various acts setting up Metropolitan Toronto and regional governments, the Ontario Municipal Board Act and The Education Act. The statutes provide a wide range of mandatory and discretionary powers. The mandatory provisions mean that to some extent local governments act as administrative agents for Provincial programs. However, the extensive discretionary powers provide the basis for a considerable amount of local autonomy.

There are three categories of municipal structure in Ontario: restructured two tier systems, the county system and single tier municipalities.

Two-thirds of Ontario's population lives in areas with restructured two tier systems. The first of these systems, Metro Toronto, was set up in 1954 while the others were formed during the period 1969-1975. In each restructured system there is one upper tier municipality supported by a number of lower tier or area municipalities. The division of responsibilities between upper tier and lower tier municipalities is defined by statute and varies from one system to another. In general, the upper tier municipalities provide health and social services, police protection, transit, major roads, sewers, water, garbage disposal and regional planning. Services such as fire protection, local roads, garbage collection, recreational services and neighbourhood planning are normally provided by lower tier municipalities. The thirteen restructured two tier systems have 93 lower tier municipalities between them.

The county system covers all of southern Ontario except those parts now restructured. Counties are an older form of two tier municipal government and differ from the restructured two tier system in two ways. First, the county municipalities usually have responsibility only for county roads, and health and social services; all other services are provided by the lower tier municipalities. Second, cities and a few large towns (separated towns) which are within county boundaries are not part of the county system. These municipalities, which range in size from the City of London (population 250,000) to the Town of St. Mary's (population 5,000) operate as single tier municipalities.

Most of the northern part of the Province is sparsely inhabited and is without any form of municipal organization. Areas with sufficient population to make municipal organization feasible are organized into single tier municipalities, except two areas which have

restructured two tier systems. Single tier municipalities in northern Ontario, like those in the south, provide the full range of municipal services except for those provided by local boards. Essential health and social services are provided through local boards on a district-wide basis, including areas not organized for municipal purposes.

Elementary and secondary education is provided by 194 school boards. Sixty of these boards are separate school boards and provide education to Catholic children. In southern Ontario the boundaries of school boards usually coincide with those of the counties or regions, although a few major cities such as London and Windsor have their own school boards. In northern Ontario, because of the distances involved, boundaries do not necessarily follow district boundaries.

Local boards and commissions are established under Provincial legislation or set up by municipalities to discharge specific functions. There are over 2,000 local boards and commissions which vary tremendously in size and function. For example, police commissions have a wide range of powers including the power to pass by-laws, while homes for the aged are often operated as municipal departments. Conservation authorities provide watershed control and recreation in areas drained by specific river systems. The boundaries of boards for homes for the aged, children's aid societies and health units generally follow county boundaries in southern Ontario and district boundaries in the north. Planning boards and library boards may cover part or all of a municipality, or several municipalities or more than one county. Boards which serve more than one municipality are usually referred to as joint boards. Certain boards, including hospital boards, district health councils, regional library boards and humane societies, are not considered part of local government since they relate more to the Provincial than to the municipal level of government.

Municipal councils' control over the financial operations of local boards vary from board to board. In most cases, municipal councils have the right of approval of board's budgets. Some boards, such as police commissions, can appeal municipal decisions on budgets to the Province, which makes the final ruling.

## **2. Local Government Administration**

Municipalities, school boards and those local boards and commissions which are not directly subordinate to municipal councils have the same legal status as private business companies. Their administrative structure is also very similar to businesses, with the elected municipal council or school board acting in the same capacity as a board of directors. All decisions of a municipal council or school board are given legal authority through by-laws. A by-law is the equivalent of an act passed by the Provincial Legislature or the House of Commons.

Municipal councillors and school board trustees are elected and hold office for two years. Apart from public utility commissioners, members of all local boards are appointed, normally by municipal councils. Board members usually hold office for as long as the councils which appointed them. Some, but not all, members of local boards are also municipal councillors. In those municipalities where utilities are provided by a public utility commission, commissioners are elected in the same way as municipal councillors.

The municipal council and school board, as elected representatives, have ultimate responsibility for the affairs of the municipality or school board. In the municipal context, the council is usually made up of the mayor (reeve in the case of a village or township, warden in the case of a county or chairman in the case of a region) plus a number of aldermen or councillors elected either at large or on a ward basis. For upper tier municipalities, councillors are appointed from the councils of lower tier municipalities who, in turn,

choose from among themselves the warden or chairman. School boards are headed by a chairman selected from among the trustees, who are elected in the same way as municipal councillors or aldermen. Individual members of a council or board have no legal authority to act on behalf of the bodies they represent. The head of council or board, although he or she may enjoy considerable influence and prestige, possesses very little real authority. He or she chairs meetings and has the right to sit on any committee by virtue of the office: nevertheless, his or her vote carries no more weight than any other member's vote. In essence, final authority invariably rests with the council or board as a whole.

While the council or board has overall administrative responsibility, the day to day operations of departments are directed and overseen by a system of committees selected from among council or board members. Given the multiple service responsibility of municipal councils, committees are more widely used by municipalities than by school boards. Each committee is responsible for a particular area of activity, ranging from finance and public works to protection and social services. Since committees have no ultimate authority, their actions must always be authorized by council or board through the passing of by-laws. The number of committees in any one municipality depends largely on local needs, the size of the municipality, the number of functions for which the municipality is responsible and the size of council. If council membership is small enough, the municipality may have only one committee, known as the 'committee of the whole'.

In addition to committees, some cities and boroughs also have a board of control composed of the mayor and two to four councillors elected at large. In effect, the board of control corresponds to an executive committee of council. Some of its duties are set out in The Municipal Act and include the preparation of the budget, the calling and awarding of tenders and the hiring and firing of appointed department heads. Unlike committees, whose actions must always be sanctioned by council through by-laws, the board of control has extensive independence of action. Council can only alter board of control decisions by a two-thirds majority vote.

Day to day municipal activities are carried out by departments headed by appointed officials. Department heads normally have titles such as Treasurer or Commissioner of Finance, Commissioner of Public Works, Clerk, etc. The appointment of a treasurer, a clerk and a tax collector is required by The Municipal Act which also outlines their duties. The other department heads are not statutory officers and their responsibilities and duties are normally set out in by-laws passed by council. In smaller municipalities, appointed officials may serve part time only, or several departmental responsibilities may be combined under one person, as in the case of the clerk-treasurer-tax collector. Larger municipalities often have a chief administrative officer or manager to coordinate the activities of all departments.

### 3. Services Provided by Local Governments

While school boards provide elementary and secondary education only, municipalities and their associated local boards provide a variety of services:

*General Government* This includes expenses for municipal councils, general municipal administration, tax collection, elections, audit costs, and financial and other costs which cannot be allocated to other areas.

*Protection* Police protection is provided by municipalities in urban areas, but rural areas are policed by the Ontario Provincial Police and prison costs are all paid by the Province. Fire protection throughout the province is a municipal responsibility.



Conservation authorities control drainage throughout river watershed areas. Municipalities monitor building standards and enforce other by-laws to protect the public.

*Transportation* All public roads except Provincial highways are constructed and maintained by municipalities. Road expenditures include traffic control, parking and street lighting. Urban transit systems are municipal responsibilities and a few municipalities maintain small airports and docking facilities. Major airports, harbours, and railways are mainly responsibilities of the Provincial and Federal governments.

*Environment* Sewer and water services, including storm sewers where these are separate from sanitary sewers, are primarily the responsibility of municipalities. In certain cases, where the most efficient way of providing services has been through major facilities beyond the technical or financial capacity of the municipalities involved, the Province constructs and operates the facilities on a charge-back basis. Solid waste collection and disposal is a municipal responsibility, though in rural areas and apartment buildings in certain urban areas, property owners may have to provide their own service. Some municipalities operate derelict motor vehicle and other pollution control programs.

*Health and Social Services* Municipalities and their local boards are responsible for day care and other services for children, homes for the aged, public health, ambulance and cemetery services. In addition, they are required to provide welfare assistance to needy residents who do not qualify for assistance under Federal and Provincial welfare programs. Public hospitals are locally administered but are financed and regulated by the Province. Municipalities contribute a portion of the capital costs of new hospitals. Some municipalities in isolated areas contribute towards medical centres in order to encourage medical professionals to locate in their communities.

*Culture and Recreation* Municipalities, local boards and, in some instances, school boards provide most parks and recreation services. They also provide cultural services such as museums, auditoriums, zoos and art galleries.

*Planning and Development* Municipalities are responsible for land use planning within overall Provincial guidelines. Public housing is generally a Provincial responsibility, but municipalities contribute towards certain housing programs. In addition, some urban municipalities have established non-profit housing agencies. Many municipalities have established industrial parks and other programs to foster commercial and industrial development. Rural municipalities are involved in agricultural development through drainage and other programs.

*Utilities* The generation of electrical power is a Provincial responsibility, but distribution of electricity in urban municipalities is handled by municipal enterprises. Telephone and gas services are generally provided by private companies except in isolated cases where municipalities supply these services.

## 4. Taxation

Just as Ontario delegates spending authority to local governments, it also delegates the authority to tax and otherwise raise revenues. In practice, the Province has given its local governments access to only one tax base—the real property tax base, which is reserved solely for local government use.

The property tax base is defined in The Assessment Act. The responsibility for the assessment of properties was assumed by the Province from municipalities in 1969. The Province is currently completing a reassessment of all real property at market value and

it is expected that this base will be used for property taxation in the near future. A government appointed Commission has recommended a number of property tax reforms to be introduced at the time that market value assessment comes into effect.

Realty taxes are levied on owners of real property, including mine buildings, railway rights of way and pipelines. Personal property and machinery and equipment are not taxed. Taxes are levied by applying mill rates to the taxable assessment assigned to each property. The mill rate indicates the amount of tax payable on each \$1,000 of taxable assessment. Mill rates applicable to residential, farm, vacant and non-commercial properties are set lower than those applicable to occupied commercial, industrial and business properties. The differential between residential mill rates and commercial mill rates is 10 percent for school rates and 15 percent for municipal rates. In addition to realty taxes, occupied commercial and industrial properties are subject to business tax, payable by the occupants. The business tax is calculated as a percentage of realty tax, with the percentage varying, depending on the type of business, between 25 percent for parking lots and 140 percent for distilleries.

Local governments do not have authority to tax senior levels of government, but the Federal government and the Province, together with their agencies, make payments in lieu of taxes. Some Provincial payments in lieu of taxes are paid only for the municipal portion of taxes because school boards are fully compensated for revenue deficiencies through the education grants program. For certain Provincial facilities, such as universities, payments in lieu of taxes are based on the number of students or residents rather than on property values.

Payments in lieu of taxes in respect of Federal and municipal enterprise properties include payments for education purposes, but funds are usually not credited to the school boards. The main payments in lieu recovered by school boards are in respect of Ontario Housing, Ontario Hydro and Federal defence properties.

All property tax collections are carried out by lower tier municipalities. Upper tier municipalities, school boards and other local boards requisition the lower tier municipalities for their needs. The amount of property tax that can be levied in any one year cannot exceed the expenditure requirements for that year.

## 5. Provincial Grants and Other Revenue

The Provincial response to increasing revenue requirements at the local level has been to provide grants to local government, rather than to allow local government access to other tax bases. Under a commitment made in 1973, Ontario ensures that its grants to local government grow as fast as the growth in its own revenues. This ensures that local governments have adequate revenue growth rates and at the same time obviates the need for local government to levy taxes on other tax bases.

The Province is also changing the emphasis of its grants from conditional to unconditional, so that local priority setting and expenditure patterns are not unnecessarily distorted. Nine conditional grant programs were converted to unconditional payments in 1974, and a Provincial-Municipal committee is currently considering further steps towards removing conditions attached to grant payments. Unconditional grants are paid to municipalities only, while conditional grants are paid to municipalities, school boards and other local boards. Many conditional grants to school boards and other local boards are unconditional in the sense that there are no conditions on how the money may be spent.

The major unconditional grants are the per capita grants, police per capita grants and levy based grants. The levy based grants have three components: general support grants (based on 6 percent of levies), special support grants for northern Ontario (based on 15 percent of levies in 1975 and 1976, and 18 percent in 1977) and resource equalization grants. Resource equalization grants are inversely proportional to the assessment base of the municipality, that is, the smaller the assessment base measured in per capita terms, the higher the payment will be.

The major conditional grant programs are those for education and roads. They are designed so that payments decline as the assessment base of the municipality or school board increases. Conditional grants for transit, housing and sewer purposes are designed to help municipalities cope with urban growth. Conditional grants for social assistance are geared partly in relation to local needs, and partly to conform to conditions set by the Federal government, which pays part of the grants.

Local governments have a variety of other revenue sources: licence fees, service charges, lot levies, rental agreements, concessions, etc. Electricity and telephone utilities are entirely financed from user charges.

## 6. Long Term Borrowing

By statute, local governments can incur long term debt for capital purposes only. An exception to this, in extremely rare circumstances, is when a municipality experiences financial difficulties and is given special permission to consolidate its current purpose borrowings into a single long term instrument. Under such circumstances, the Province assumes direct and complete control of the municipality's financial affairs until such time, normally 2 to 5 years, as the long term debt is retired.

Practically all school boards' borrowing and a substantial proportion of municipal borrowing are from the Province and its agencies. The Province purchases school board debentures through the Ontario Education Capital Aid Corporation (OECAC). The rate of interest charged by the corporation is a preferred rate, based on the Federal government long term borrowing rate, and is usually about 1 percent less than school boards could get in the money market. School boards are required to go to the public market to borrow for purposes such as new administrative buildings. Loans to municipalities include:

- The Ontario Universities Capital Aid Corporation (OUCAC) provides loans for library purposes. Its rate of interest is the same as the OECAC rate.
- The Ontario Municipal Improvement Corporation (OMIC) provides loans to municipalities with populations under 20,000 which, by virtue of their size, are at a comparative disadvantage in the public market. The rate of interest is set at about the rate which a good medium sized Ontario municipality could get in the public market.
- The Ministry of the Environment provides financing for joint Provincial-municipal sewer and water works projects.
- Loans were provided for winter capital works projects in order to stimulate employment in the winter of 1974-75.
- The Ministry of Housing provides loans under a number of programs designed to increase Ontario's supply of housing and revitalize urban downtowns.
- Development loans are made to help provide infra-structures in selected municipalities in northern and eastern Ontario.
- Other programs include tile drainage and shoreline assistance loans for the benefit of individual landowners.



The Federal government, through the Central Mortgage and Housing Corporation, makes loans to municipalities for housing and infra-structure development purposes.

In restructured two tier systems, all municipal borrowing is done by the upper tier municipality. Local boards and municipal enterprises throughout the province issue their debt through municipalities. Since school boards issue practically all their new debt to the Province, about 90 percent of all local government borrowing from the public is accounted for by 20 municipalities.

Much of Ontario's statutory control of the long term borrowing of its local governments is exercised by the Ontario Municipal Board (OMB). The OMB is an independent, quasi-judicial body, whose members are appointed by the Province. Until OMB approval has first been obtained, no municipal council or school board may issue debt or make any commitment involving any expenditure beyond its term in office, which is two years. Separate school boards are not required to get OMB approval for long term borrowing but, in practise, normally do so. Since the OMB assumed control over local government debt in 1935, there have been no local government defaults in Ontario.

The OMB has extremely broad powers in relation to requests for capital expenditure approvals. Its primary concern is to ensure that the debt proposed to be incurred is within the capacity of the municipality or school board to repay, but its authority extends also to considering the necessity of expediency of the undertaking and all other relative matters. The OMB may qualify its approval of a capital undertaking by imposing restrictions on future expenditures, or on further issues of debentures. For larger municipalities, the OMB requires five year capital budgets as part of its approval process. The Province may ask the OMB to act as an agent of Provincial fiscal policy. For instance, the Province recently asked the Board to ensure the necessity of certain capital projects as a means of securing spending restraint among municipalities and school boards.

In approving the incurring of a debt, the OMB states the maximum number of years within which the entire amount borrowed must be repaid. The underlying principle is that the debt must be retired within the useful life of the asset being acquired. The maximum term permitted for retirement of a debenture issue is usually twenty years. For undertakings having a long expectancy of useful service, the approved term may be thirty years, while for certain expenditures, the statutes stipulate a maximum term of 10 or 20 years. No local government may, by refunding or otherwise, extend the repayment of all or any part of a debenture issued beyond the maximum term stipulated by the Board.

All debentures issued by local governments in Ontario are direct, unconditional overall obligations of the issuing authority, and rank "pari passu" with respect to all and any sources of revenue. The debentures of restructured upper tier municipalities are joint and several obligations of the issuing authority and all its component area municipalities. There are no provisions in the statutes under which "Revenue" or "Income" debentures may be issued. No local government debentures are guaranteed by the Province of Ontario.

Ontario municipalities may issue debentures payable in Canadian or U.S. dollars, or in sterling. Municipalities having a population of over 75,000 may also issue debentures payable in other currencies, subject to prior Provincial approval. No municipality has borrowed in currencies other than Canadian or U.S. dollars in the last 40 years. Municipalities and school boards may issue bearer coupon debentures which may be registered as to principal, and/or fully registered debentures. Debenture registry books are kept by the treasurer of each municipality, except in some cases where debentures are payable in U.S. dollars.

Instalment (serial) debentures are the most common form of debenture and may be issued by all municipalities with the authority to debenture. Principal is repaid in annual

instalments over the term of the issue, with interest payable annually or semi-annually on the balance outstanding.

Municipalities having a population over 20,000 may also issue either conventional (term) or mandatory sinking fund debentures. For both of these types of debentures, there is one fixed maturity date. With conventional sinking fund debentures, the municipality pays into its sinking fund each year an amount which, with interest at a rate not to exceed 5 percent per annum compounded yearly, will be sufficient to repay the principal of the debt at maturity. Payments into the sinking fund may only be invested in types of securities specified in the statutes or specially authorized by the Province. A municipality issuing mandatory sinking fund debentures is required each year to redeem a specified principal amount of the debentures at their face value, either by purchase in the market or by advertised call away from holders.

Municipalities with a population over 20,000 may also issue refundable debentures. When the allowable term for repayment of the debt exceeds ten years, instalment debentures may be issued in which the amount that would normally be repayable in more than ten years is “ballooned” into the tenth year, with provision for refunding this amount by a new issue of debentures at maturity. This is the only statutory provision under which debentures may be refunded for any period beyond their maturity dates, and it is required that such refunding debentures must be payable within the maximum period approved by the OMB for repayment of the debt. No extendible or retractable debentures may be issued by Ontario local governments.

Local governments do not have the authority to issue mortgages directly, but a limited number of mortgages have been issued to the Provincial and Federal governments by municipally-owned non-profit housing agencies.

## 7. Provincial Regulation of Local Government Finance

### 1. *Actual or Prospective Default of Municipality*

Should a municipality or school board default, or if a condition of anticipated default exists, the statutes provide for the placing of the entity concerned under the supervision of the Province. Such supervision embraces every phase of a local government's operations, especially those of a financial nature. When a local government is put under supervision, all actions against it are stayed until an equitable re-organization of its affairs can be arranged by the OMB.

### 2. *Requirement for Balanced Budgets*

The entire local government sector is required by statute to levy enough money each year to cover its operating and debt service costs. If, through unanticipated circumstances, a current revenue deficit arises in any year, such a deficit is required to be included in the following year's expenditure budget. This, together with restrictions on short term borrowing for current purposes, effectively precludes the rolling over of deficits from year to year.

### 3. *Temporary Borrowing*

Temporary borrowing to meet current expenditures is permitted, but such borrowings may not exceed 70 percent of the uncollected balance of revenues, except with the approval of the OMB. Borrowing in anticipation of the collection of taxes has been greatly reduced in recent years now that a municipality may levy, before the adoption of the estimates for the year, up to 50 percent of the previous year's taxes.

Where the OMB has approved a capital project, temporary borrowing for expenditures incurred, up to the amount of borrowing authorized by the Board, may take place prior to permanent long term financing being secured.



#### *4. Financial Reporting*

The Province requires municipalities, school boards and other local boards to produce audited financial statements each year. The format of the reports is prescribed by the Province. Public audit firms, specially licenced by the Province, perform the audits. Financial reports are filed with the Province, and a prescribed summary of each report must be sent to each ratepayer or published in a local newspaper.

#### *5. Regulation of Local Boards' Financial Transactions*

Provincial statutes and regulations control the financial activities of local boards to a varying degree. For example, use of reserves and reserve funds by school boards are regulated under The Education Act; certain transactions of local hydro utilities and conservation authorities are regulated under The Public Utilities Act and The Conservation Authorities Act respectively.

## **Appendix B: Local Government Financial Reporting**

### **1. Municipal Financial Reports**

Municipalities are required to account for and report their financial transactions on a fund basis. The two main funds used are the revenue fund and the capital fund, but many municipalities also have reserve funds and trust funds. In addition, most municipalities have reserves set aside within the revenue fund.

The revenue fund is used to account for all general revenues and expenditures. It is equivalent to the accounting for current operations of a private sector corporation. In general, the revenue fund accounts for the recurring year to year operations: wages and salaries, debt charges, tax revenues, service charges, Provincial grants for operating purposes, etc.

The capital fund is used to account for all capital expenditures and their financing. For local government purposes, a capital expenditure is generally one which provides benefits lasting more than one year and costs more than \$500 (e.g., construction of buildings, acquisition of land). The major sources of capital financing are long term borrowing, Provincial grants and money transferred from other funds. The capital fund is also used to account for any money borrowed on behalf of local boards and commissions.

Reserve funds are used to account for transactions in which, for legal or other reasons, it is necessary to ensure that monies specifically earmarked for a particular project or activity are actually spent on that project or activity. Large and medium sized municipalities typically maintain several reserve funds for such purposes as subdivider contributions, repayment of debt, and acquisition of park land. Some reserve funds are required under Provincial statutes, others are established under legal agreements entered into by municipalities, and the remainder are set up at the discretion of municipal councils. The use to which reserve funds may be put is specified when the funds are set up, and they may not be converted to other uses without a specific vote of council.

Reserves are used for essentially the same purposes as reserve funds. However, the establishment and use of reserves is wholly at the discretion of municipalities. Apart from the legal limitations and the setting aside of specific assets, there is little difference between reserves and reserve funds from a financial viewpoint.

Part of the revenue of both reserves and reserve funds comes from specific appropriations from the revenue fund. This occurs when a municipality wishes to earmark part of its current revenues for a specific expenditure expected to be incurred in future years. For example, where a municipality anticipates a major capital project in five years time, it may set up a reserve fund for this project and contribute to the fund in each of the years preceding the commencement of the project. The bulk of the revenue of reserve funds does not come from the revenue fund, but directly from sources such as impost fees levied on developers. Where amounts in reserves and reserve funds are spent for capital purposes, the expenditures are recorded in the capital fund, with the amounts from reserves and reserve funds being recorded as transfers to the capital fund. Most expenditures of reserves and reserve funds are shown in this way, but where monies are used for current purposes, the expenditures are recorded directly in the reserves and reserve funds.

Trust funds are funds held in trust by municipalities, e.g. funds held on behalf of residents of homes for the aged. They are not part of a municipalities' finances, but represent amounts for which the municipality is a trustee.

The format of municipal financial reports is prescribed by the Province. Up to and including 1976, these reports did not consolidate details of those municipal services referred to as municipal enterprises: chiefly airports, cemeteries, hydro, housing authorities, municipal hospitals, parking authorities, public transit and water supply. Separate financial returns are compiled for these entities and the only amounts reflected in the municipal returns are: on the revenue fund, deficits and debt charges of enterprises which have been assumed by municipalities; and, on the capital fund, debt financing and capital expenditures undertaken by municipalities for their enterprises. From 1977 on, all major municipal enterprises except hydro and hospitals will be consolidated in municipal financial returns to the Province.

Since 1975, municipalities have been required to consolidate most local boards in their financial statements. The only boards not to be consolidated are boards for municipal enterprises, conservation authorities, children's aid societies and school boards.

Municipal accounting is on an accrual basis, except that debt charges are on a cost basis. No value is attached to fixed assets. Where capital expenditure is financed through debenturing, the balance sheet reflects the long term liability incurred and a corresponding asset, "capital outlay to be recovered in future years". Debt retirement costs, both principal and interest, are charged against the revenue fund. As long term debt is repaid, the "capital outlay to be recovered in future years" is reduced. There is no accounting for capital expenditures financed from any source other than long term debt.

Up to and including 1976, there has been some netting of revenue against expenditures in municipal financial reporting. Intermunicipal and other recoveries could be netted, as could charges for service incidental to municipal services—such as snowploughing driveways. For 1977 and future years, netting is being restricted to a very few types of recoveries, such as retail sales tax refunds.

## 2. Use of Municipal Financial Reports

This study of municipal finance in 1975 and 1976 is, unless otherwise stated, wholly based on municipal financial reports to the Province. 1977 data is taken from mill rate by-law and budgetary information submitted to the Province.

The approach taken reflects the way municipalities actually operate: separate analysis of the revenue fund and of the capital fund. Total figures are put together by addition of the two funds, less transfers from the revenue fund to the capital fund. Intermunicipal grants are netted against expenditures in compiling aggregate municipal sector figures. In addition, data for children's aid societies, conservation authorities, and any other non-enterprise local boards which are not otherwise consolidated, are estimated to build up the local sector figures. Several other modifications to the data have not been made because they would remove the direct relationship between the method of analysis and the way municipalities operate and report their financial affairs, while having very little effect on the analytical results. These modifications include:

- Consideration of incidental services to ratepayers netted off expenditures (estimated at \$60 million in 1976).
- Reflecting conservation authority expenditures in the capital fund, where they largely belong. These amounts are shown instead in the revenue fund because requisitions on municipalities are a revenue fund item.
- Netting off of double accounting caused by revenue fund transfers to reserves and reserve funds being shown again, as expenditures in the capital fund, when amounts in reserves and reserve funds are applied for capital purposes. A major problem with such netting is that the two expenditures typically occur in different years.

- Consideration of the revenues and expenditures credited directly to reserves and reserve funds. Over the 1970-76 period these amounts were of the same magnitude as the double accounting referred to above. By ignoring these amounts, but allowing the double accounting, the analysis is simplified without any significant over or under statement of total municipal revenues and expenditures.
- Netting of transfers from the capital fund to the revenue fund. This has been ignored since data is not available for all years—the amount involved is estimated at \$4 million in 1976.
- Netting of most tax writeoffs from revenue, rather than showing them as expenditures.

In some cases, estimates have been made for items not reported consistently by municipalities. The main instances where this has occurred are noted in the footnotes to the text. Estimates were made for the 1976 financial results of seven municipalities, pending receipt of their 1976 reports by the Ministry.

### 3. School Board Financial Reporting

School board financial activities are accounted for and reported in exactly the same way as municipal transactions. Current operations are reported in the revenue fund, which, by statute, should balance each year, apart from any differences between budgeted and actual results. Capital spending is recorded in the capital fund, which does not balance each year. Reserves and reserve funds are used in the same way as by municipalities, but are far fewer in number and smaller in size.

School board financial reports are prescribed by the Ministry of Education. They exactly parallel municipal reports in accrual accounting and treatment of capital assets, but differ in that there is no netting of revenues and expenditures. Nor are there any problems with enterprises or consolidation of other types of local boards. School board statements also show the revenue fund as in balance at the year end, because over and under levies of property taxes are shown as amounts payable to or receivable from ratepayers.

The analysis of school board finance is taken from school board financial reports and other data for 1975 and 1976 submitted by school boards to the Ministry of Education. 1977 data is taken from school board budgets submitted to the Ministry. The treatment of the reports for analytical purposes exactly parallels that for municipalities. Interschool board payments are netted to arrive at aggregate school sector data. In addition, since the school board data shows all interfund transfers, these have been netted to a greater extent than is possible for municipalities. The school board treatment of the revenue fund balance has been revised for comparability with the municipal sector treatment. No regional analysis is provided for school board finances because the Ministry of Education regions are not comparable with those used for analysis of municipalities.



## **Appendix C: Classification by Types of Municipality and Economic Regions**

### **1. By Types of Municipality**

#### *1. Metro-Toronto*

Metropolitan Toronto and its six constituent municipalities.

#### *2. Regional Governments*

All upper tier and lower tier municipalities in:

Regions of Durham, Haldimand-Norfolk, Halton, Hamilton-Wentworth, Niagara, Ottawa-Carleton, Peel, Sudbury, Waterloo and York.

District of Muskoka.

Restructured County of Oxford.

#### *3. Cities*

All cities outside restructured two tier areas:

Barrie, Belleville, Brantford, Brockville, Chatham, Cornwall, Guelph, Kingston, London, North Bay, Orillia, Owen Sound, Pembroke, Peterborough, Sarnia, Sault Ste. Marie, Stratford, St. Thomas, Thunder Bay, Timmins and Windsor.

#### *4. Rural South*

Separated towns, all counties (except Oxford), and all municipalities which support these counties.

#### *5. Rural North*

All municipalities in northern Ontario except municipalities in categories 2 and 3 above.

### **2. By Economic Regions**

#### *1. Northwest*

All municipalities in:

Districts of Kenora, Rainy River and Thunder Bay.

#### *2. Northeast*

All municipalities in:

Region of Sudbury.

Districts of Algoma, Cochrane, Manitoulin, Nipissing, Parry Sound, Sudbury and Timiskaming.

#### *3. Eastern*

All municipalities in:

Region of Ottawa-Carleton.

Counties of Frontenac, Hastings, Lanark, Leeds and Grenville, Lennox and Addington, Prescott and Russell, Prince Edward, Renfrew, and Stormont, Dundas and Glengarry.

#### *4. Southwest*

All municipalities in:

Counties of Bruce, Elgin, Essex, Grey, Huron, Kent, Lambton, Middlesex and Perth.

Restructured County of Oxford.



5. *Central*

All municipalities in the following areas:

Metropolitan Toronto.

Regions of Durham, Haldimand-Norfolk, Halton, Hamilton-Wentworth, Niagara, Peel, Waterloo and York.

Counties of Brant, Dufferin, Haliburton, Northumberland, Peterborough, Simcoe, Victoria and Wellington.

District of Muskoka.

# ECONOMIC REGIONS OF ONTARIO



## Appendix D: Municipal Employees, 1975 and 1976

The following table shows full time employees of municipalities, excluding enterprise employees, as shown on financial reports to the Ministry. The figures should be treated as estimates only, because the treatment of enterprise and local board employees may not be fully consistent from year to year or between different categories of municipality.

	December 1975		December 1976	
	Number of Employees	Employees per 1000 Households	Number of Employees	Employees per 1000 Households
Metro Toronto	24,194	32	25,409	33
Regional Governments	28,092	28	28,728	27
Cities	10,526	23	10,767	23
Rural South	8,004	14	8,286	14
Rural North	1,632	16	1,640	15
Northwest	2,396	36	2,454	36
Northeast	3,426	19	3,466	19
Eastern	10,043	24	10,500	25
Central	48,047	27	49,546	27
Southwest	8,536	19	8,864	20
<i>Province</i>	72,448	25	74,830	25

## Appendix E: Average Gross Residential Property Taxes per Household, 1976 and Estimated 1977

Average Gross Residential Property Taxes per Household,  
by Types of Municipality, 1976 and Estimated 1977

Table E-1

		1976	1977 Estimate	1977/76	1976/75
		\$	\$	%	%
<i>Metro Toronto:</i>	Municipal taxes	311	339	9	11
	Municipal charges	8	8	0	14
	Subtotal	319	347	9	11
	School taxes	299	362	21	12
	Total	618	709	15	12
<i>Regional Governments:</i>	Municipal taxes	266	293	10	6
	Municipal charges	35	37	6	13
	Subtotal	301	330	10	7
	School taxes	255	275	8	23
	Total	556	605	9	14
<i>Cities:</i>	Municipal taxes	248	268	8	6
	Municipal charges	18	18	0	0
	Subtotal	266	286	8	6
	School taxes	195	213	9	27
	Total	461	499	8	14
<i>Rural South:</i>	Municipal taxes	130	137	5	5
	Municipal charges	18	18	0	0
	Subtotal	148	155	5	4
	School taxes	156	165	6	26
	Total	304	320	5	14
<i>Rural North:</i>	Municipal taxes	117	126	8	5
	Municipal charges	10	11	10	-9
	Subtotal	127	137	8	3
	School taxes	104	110	6	22
	Total	231	247	7	11
<i>Province:</i>	Municipal taxes	242	262	8	8
	Municipal charges	21	22	5	11
	Subtotal	263	284	8	8
	School taxes	236	260	10	21
	Total	499	544	9	14



Average Gross Property Taxes per Household,  
by Economic Regions, 1976 and Estimated 1977

Table E-2

		1977			
		1976	Estimate	1977/76	1976/75
		\$	\$	%	%
<i>Northwest:</i>	Municipal taxes	177	191	8	5
	Municipal charges	11	12	9	-8
	Subtotal	188	203	8	4
	School taxes	129	142	10	18
	Total	317	345	9	9
<i>Northeast:</i>	Municipal taxes	176	188	7	7
	Municipal charges	15	15	0	0
	Subtotal	191	203	6	6
	School taxes	151	163	8	21
	Total	342	366	7	12
<i>Eastern:</i>	Municipal taxes	215	234	9	8
	Municipal charges	28	28	0	0
	Subtotal	243	262	8	7
	School taxes	223	237	6	30
	Total	466	499	7	17
<i>Central:</i>	Municipal taxes	269	293	9	8
	Municipal charges	20	21	5	11
	Subtotal	289	314	9	8
	School taxes	261	298	14	18
	Total	550	612	11	13
<i>Southwest:</i>	Municipal taxes	212	227	7	8
	Municipal charges	19	19	0	0
	Subtotal	231	246	6	7
	School taxes	194	213	10	30
	Total	425	459	8	17
<i>Province:</i>	Municipal taxes	242	262	8	8
	Municipal charges	21	22	5	11
	Subtotal	263	284	8	8
	School taxes	236	260	10	21
	Total	499	544	9	14

